
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Oil And Gas Group Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser(s) or the transferee(s), or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

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(1) MAJOR TRANSACTION IN RELATION TO PROVISION OF GUARANTEES AND (2) NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser to the Company



Capitalised terms used on this cover page have the same meaning as defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 7 to 21 of this circular.

A notice convening the special general meeting of the Company (the “SGM”) to be held at Suite 1518, Xinhai International Business Centre, No. 9 Qianshan Road, Xiangzhou District, Zhuhai City, Guangdong Province, China on Friday, 15 July 2022 at 10:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending or voting in person at the SGM or any adjourned meeting thereof should you so wish.

Precautionary measures and special arrangements for the SGM

Considering the outbreak of the coronavirus (“COVID-19”), certain measures will be implemented at the SGM venue with a view to addressing the risk to attendees of infection, including, without limitation, (i) all attendees being required to wear face masks prior to admission to the SGM venue and throughout the SGM; and (ii) no provision of refreshments, refreshment packs, drinks and corporate gifts. The Company reminds attendees that they should carefully consider the risks of attending the physical SGM, taking into account their own personal circumstances. Furthermore, the Company would like to remind shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising their voting rights; and strongly recommends that shareholders appoint the Chairman of the SGM as their proxy and submit their form of proxy by the time specified above or participate in the SGM using the online platform. The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the SGM (if any).

References to times and dates in this circular are to Hong Kong times and dates.

* For identification purpose only

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SPECIAL ARRANGEMENTS FOR THE SGM

The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the need to protect SGM attendees from possible exposure to the COVID-19 pandemic.

The Company would like to remind all attending Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. The Company encourages the Shareholders to appoint the chairman of the SGM as their proxy to vote as instructed by the Shareholders on the relevant resolution at the SGM or to participate in the SGM through the online platform, instead of attending the SGM in person.

LIVE ONLINE WEBCAST

As an alternative to attending the Meeting in person, registered Shareholders may view a live online webcast of the Meeting. The live online webcast will open for the Shareholders to log in approximately 30 minutes prior to the commencement of the Meeting from any location with access to the internet with a smart phone, tablet device or computer.

Non-registered shareholders whose shares in the Company are held in the Central Clearing and Settlement System through banks, brokers, custodians, nominees or HKSCC Nominees Limited (together, the “**Intermediary**”) may be able to view a live online webcast of the Meeting.

In this regard, you should consult directly with your Intermediary for provision of your email address to your Intermediary before the time limit required by the relevant Intermediary for necessary arrangements.

According to the Bye-Laws, Shareholders joining the live online webcast will not be counted towards a quorum and will not be able to cast their vote online. Details regarding the live online webcast arrangements including login details are included in the Company’s letter to registered Shareholders sent together with this circular. Shareholders shall also refer to the User Guide posted on the Company’s website on how to use the live online webcast.

If any Shareholder has any question relating to the Meeting arrangements, please contact Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen’s Road East, Wan Chai, Hong Kong
Tel: 2862 8555
Fax: 2865 0990
Website: www.computershare.com/hk/contact

SPECIAL ARRANGEMENTS FOR THE SGM

The Company reminds all Shareholders that attending the Meeting in person is not necessary for the purpose of exercising voting rights. Shareholders can exercise their voting rights by submitting a proxy form appointing the chairman of the Meeting as their proxy as early as possible and in any event not less than 48 hours before the time appointed for the holding of the Meeting (or any adjournment thereof). The Company also encourages the Shareholders to attend the Meeting by means of the live online webcast as an alternative to attending the Meeting in person in view of the COVID-19 pandemic situation.

The Company may implement further procedures and precautionary measures and change the Meeting arrangements at short notice. Shareholders should visit the Stock Exchange and Company's website for future announcements and updates on the Meeting arrangements.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Announcement”	the announcement made by the Company on 20 May 2022
“Board”	the board of Directors of the Company
“China Oil and Gas Investment”	China Oil and Gas Investment Group Company Limited* (中油燃氣投資集團有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Company”	China Oil And Gas Group Limited (中油燃氣集團有限公司), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange with stock code 603
“Creditor 1”	China Zheshang Bank Co., Ltd.* (浙商銀行股份有限公司), a licensed bank established under the laws of the PRC, being the lender under the loan agreement and the creditor under the Guarantee Agreement 1
“Creditor 2”	Laishang Bank Co., Ltd.* (萊商銀行股份有限公司), a licensed bank established under the laws of the PRC, being the lender under the loan agreement and the creditor under the Guarantee Agreement 2
“Creditor 3”	Bank of Rizhao Co., Ltd.* (日照銀行股份有限公司), a licensed bank established under the laws of the PRC, being the lender under the loan agreement and the creditor under the Guarantee Agreement 3
“Creditor 4”	Bank of Qingdao Co., Ltd.* (青島銀行股份有限公司), a licensed bank established under the laws of the PRC, being the lender under the loan agreement and the creditor under the Guarantee Agreement 4

DEFINITIONS

“Creditor 5”	Jining Bank Co., Ltd.* (濟寧銀行股份有限公司), a licensed bank established under the laws of the PRC, being the lender under the loan agreement and the creditor under the Guarantee Agreement 5
“Creditor 6”	Ping An Bank Co. Ltd.* (平安銀行股份有限公司), a licensed bank established under the laws of the PRC, being the lender under the loan agreement and the creditor under the Guarantee Agreement 6
“Creditor 7”	China Merchants Bank Co., Ltd.* (招商銀行股份有限公司), a licensed bank established under the laws of the PRC, being the lender under the loan agreement and the creditor under the Guarantee Agreement 7
“Creditor 8”	China Minsheng Bank Corp., Ltd.* (中國民生銀行股份有限公司), a licensed bank established under the laws of the PRC, being the lender under the loan agreement and the creditor under the Guarantee Agreement 8
“Creditor 9”	Taian Bank Co., Ltd (泰安銀行股份有限公司), a licensed bank established under the laws of the PRC, being the lender under the loan contract and the creditor under the Guarantee Agreement 9
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantee(s)”	the guarantee(s) provided by China Oil and Gas Investment to creditor(s) pursuant to the Guarantee Agreements and the Memorandum
“Guarantee Agreements”	collectively, Guarantee Agreement 1, Guarantee Agreement 2, Guarantee Agreement 3, Guarantee Agreement 4, Guarantee Agreement 5, Guarantee Agreement 6, Guarantee Agreement 7, Guarantee Agreement 8 and Guarantee Agreement 9

DEFINITIONS

- “Guarantee Agreement 1” the guarantee agreement proposed to be entered into between China Oil and Gas Investment and Creditor 1, pursuant to which, China Oil and Gas Investment shall agree to provide the guarantee up to a maximum amount of RMB75,000,000 in favour of the Creditor 1 as security for the repayment obligations of Shandong Shengli under the loan agreement to be entered into between Shandong Shengli and Creditor 1
- “Guarantee Agreement 2” the guarantee agreement proposed to be entered into between China Oil and Gas Investment and Creditor 2, pursuant to which, China Oil and Gas Investment shall agree to provide the guarantee up to a maximum amount of RMB50,000,000 in favour of the Creditor 2 as security for the repayment obligations of Shandong Shengli under the loan agreement to be entered into between Shandong Shengli and Creditor 2
- “Guarantee Agreement 3” the guarantee agreement proposed to be entered into between China Oil and Gas Investment and Creditor 3, pursuant to which, China Oil and Gas Investment shall agree to provide the guarantee up to a maximum amount of RMB100,000,000 in favour of the Creditor 3 as security for the repayment obligations of Shandong Shengli under the loan agreement to be entered into between Shandong Shengli and Creditor 3
- “Guarantee Agreement 4” the guarantee agreement proposed to be entered into between China Oil and Gas Investment and Creditor 4, pursuant to which, China Oil and Gas Investment shall agree to provide the guarantee up to a maximum amount of RMB50,000,000 in favour of the Creditor 4 as security for the repayment obligations of Shandong Shengli under the loan agreement to be entered into between Shandong Shengli and Creditor 4

DEFINITIONS

“Guarantee Agreement 9”	the guarantee agreement proposed to be entered into between China Oil and Gas Investment and Creditor 9, pursuant to which, China Oil and Gas Investment shall agree to provide the guarantee up to a maximum amount of RMB30,000,000 in favour of the Creditor 9 as security for the repayment obligations of Shandong Shengli under the loan agreement to be entered into between Shandong Shengli and Creditor 9
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) and is/are not connected person(s) of the Company
“Latest Practicable Date”	20 June 2022, being the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
Memorandum”	a memorandum dated 20 May 2022 entered into between China Oil and Gas Investment (as guarantor) and Shandong Shengli, pursuant to which China Oil and Gas Investment agrees to provide guarantees to relevant banking and financial institutions for Shandong Shengli’s loan repayment obligations, and assume joint and several liability for repayment, according to the terms of the Guarantee Agreements
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance Chapter 571, Laws of Hong Kong

DEFINITIONS

“SGM”	a special general meeting of Shareholders to be convened and held at Suite 1518, Xinhai International Business Centre, No. 9 Qianshan Road, Xiangzhou District, Zhuhai City, Guangdong Province, China on Friday, 15 July 2022 at 10:30 a.m. for the purpose of considering, and if thought fit, approving, among other things, the provision of Guarantees
“Shandong Shengli”	Shandong Shengli Co., Ltd. (山東勝利股份有限公司), a company limited by shares established in the PRC whose issued shares are listed and traded on the main board of the Shenzhen Stock Exchange, as at the Latest Practicable Date, is owned as to 22.16% by the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

* *In this circular, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

LETTER FROM THE BOARD



中油燃氣集團有限公司*

CHINA OIL AND GAS GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 603)

Executive Directors:

Mr. XU Tie-liang

(Chairman and Chief Executive Officer)

Ms. GUAN Yijun

Mr. GAO Falian

Ms. XU Ran

Independent Non-Executive Directors:

Mr. WANG Wenhua

Mr. WANG Guangtian

Mr. YANG Jie

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11 Bermuda

*Head Office and Principal Place of Business in
Hong Kong:*

Suite 2805, 28th Floor

Sino Plaza

255–257 Gloucester Road

Causeway Bay

Hong Kong

24 June 2022

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION IN RELATION TO
PROVISION OF GUARANTEES**

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the provision of Guarantees.

On 20 May 2022, China Oil and Gas Investment, a wholly-owned subsidiary of the Group, as guarantor, entered into the Memorandum with Shandong Shengli, pursuant to which China Oil and Gas Investment has agreed to provide guarantees up to a maximum amount of RMB75,000,000, RMB50,000,000, RMB100,000,000, RMB50,000,000, RMB80,000,000, RMB100,000,000, RMB100,000,000, RMB100,000,000 and RMB30,000,000 for the due performance of the

* For identification purpose only

LETTER FROM THE BOARD

repayment obligations of Shandong Shengli to the Creditor 1, Creditor 2, Creditor 3, Creditor 4, Creditor 5, Creditor 6, Creditor 7, Creditor 8 and Creditor 9, respectively. As at the Latest Practicable Date, the Company does not expect to provide further guarantees of extra guarantee amounts to Shandong Shengli in the next 12 months.

Upon aggregation of the provision of guarantees as set out in the announcements dated 31 March 2022, 12 April 2022 and 29 April 2022 and the Memorandum, China Oil and Gas Investment has agreed to provide guarantees up to maximum amount of RMB1,105,000,000, representing assets ratio and consideration ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the aggregate guaranteed amounts of 5.74% and 62.44%, respectively.

The purpose of this circular is to provide you with, among others, (i) further details of the provision of guarantees; (ii) the financial information of the Group; (iii) other information as required under the Listing Rules and (iv) a notice of the SGM together with the proxy form.

Details of the Memorandum are set out below.

- Parties: (1) China Oil and Gas Investment (as guarantor); and
- (2) Shandong Shengli
- Terms: China Oil and Gas Investment agrees to provide guarantees to relevant banking and financial institutions for Shandong Shengli's loan repayment obligations, and assume joint and several liability for repayment, according to the terms of the Guarantee Agreements.

All expenses incurred by China Oil and Gas Investment in providing guarantee for any credit and loan shall be borne by Shandong Shengli.

LETTER FROM THE BOARD

China Oil and Gas Investment agreed to provide the guarantee for Shandong Shengli, with a guarantee fee rate of 1.5% per annum. The guarantee fee rate is determined by arm length negotiation with reference to the guarantee fee rates quoted by three financing guarantee companies in the PRC and the quotation of guarantee fee rate ranges from 1.5% to 3%. Since the Group can obtain timely update of financial information and operation status from Shandong Shengli, the lower end of the guarantee fee of 1.5% is considered appropriate. Such guarantee fee rate is applicable to the guarantee contract signed between China Oil and Gas Investment and relevant financial institutions for Shandong Shengli's financing business from 1 January 2022 onwards, and it is calculated based on the actual guarantee amount provided by China Oil and Gas Investment for Shandong Shengli (the guarantee amount is based on the amount of the loan contract signed between the guaranteed person and the financial institutions) from the date of arrival of Shandong Shengli's financing funds until the date of actual settlement of the debt (i.e. actual guarantee days)

Conditions Precedent:

The transaction contemplated under the Memorandum is conditional upon the Shareholders' approval in a general meeting of the Company in accordance with the Listing Rules being obtained and all relevant approvals have been obtained.

As at the Latest Practicable Date, none of the conditions above has been fulfilled. It is expected that conditions above will be fulfilled within one month from the Latest Practicable Date.

Principal terms of the Guarantee Agreements are as follows:

Guarantee Agreement 1

Parties:

- (1) China Oil and Gas Investment (as guarantor); and
- (2) the Creditor 1

LETTER FROM THE BOARD

Guarantee: China Oil and Gas Investment, as guarantor, shall agree to provide guarantee up to a maximum amount of RMB75,000,000, in favour of the Creditor 1 for the due performance of Shandong Shengli's repayment obligations under the loan agreement, including but not limited to that with respect to the principal amount, interests, penalty interests, default penalties, compensations and other expenses incurred by Creditor 1 from the realisation of its debt and guarantee rights

Guarantee period: Guarantee Agreement 1 is effective upon execution and the guarantee period is until three years from the date when the debtor's debt performance period expires

Guarantee method: the guarantee method is joint liability guarantee. When Shandong Shengli fails to perform the repayment obligation as stipulated in the loan agreement, Creditor 1 has the right to directly seek repayment from the guarantor

Effective date of Guarantee Agreement 1: the Guarantee Agreement 1 shall become effective upon due execution

Guarantee Agreement 2:

Parties: (1) China Oil and Gas Investment (as guarantor); and
(2) the Creditor 2

Guarantee: China Oil and Gas Investment, as guarantor, shall agree to provide guarantee up to a maximum amount of RMB50,000,000, in favour of Creditor 2 for the due performance of Shandong Shengli's repayment obligations under the loan agreement, including but not limited to that with respect to the principal amount, interests, penalty interests, default penalties, compensations and other expenses incurred by Creditor 2 from the realisation of its debt and guarantee rights

LETTER FROM THE BOARD

Guarantee period: Guarantee Agreement 2 is effective upon execution and the guarantee period is until three years from the date when the debt performance period expires or the guarantee period under the acceptance of the bank's acceptance, the letter of credit and the letter of guarantee is three years from the date of Creditor 2's advance payment

Guarantee method: the guarantee method is joint liability guarantee. When Shandong Shengli fails to perform the repayment obligation as stipulated in the loan contract, Creditor 2 has the right to directly seek repayment from the guarantor

Effective date of Guarantee Agreement 2: the Guarantee Agreement 2 shall become effective upon due execution

Guarantee Agreement 3:

Parties: (1) China Oil and Gas Investment (as guarantor); and
(2) the Creditor 3

Guarantee: China Oil and Gas Investment, as guarantor, shall agree to provide guarantee up to a maximum amount of RMB100,000,000, in favour of Creditor 3 for the due performance of Shandong Shengli's repayment obligations under the loan agreement, including but not limited to that with respect to the principal amount, interests, penalty interests, default penalties, compensations and other expenses incurred by Creditor 3 from the realisation of its debt and guarantee rights

Guarantee period: Guarantee Agreement 3 is effective upon execution and the guarantee period is until three years from the date when the debtor's debt performance period expires

Guarantee method: the guarantee method is joint liability guarantee. When Shandong Shengli fails to perform the repayment obligation as stipulated in the loan contract, Creditor 3 has the right to directly seek repayment from the guarantor

LETTER FROM THE BOARD

Effective date of Guarantee Agreement 3: the Guarantee Agreement 3 shall become effective upon due execution

Guarantee Agreement 4:

Parties: (1) China Oil and Gas Investment (as guarantor); and
(2) the Creditor 4

Guarantee: China Oil and Gas Investment, as guarantor, shall agree to provide guarantee up to a maximum amount of RMB50,000,000, in favour of Creditor 4 for the due performance of Shandong Shengli's repayment obligations under the loan agreement, including but not limited to that with respect to the principal amount, interests, penalty interests, default penalties, compensations and other expenses incurred by Creditor 4 from the realisation of its debt and guarantee rights

Guarantee period: Guarantee Agreement 4 is effective upon execution and the guarantee period is until two years from the date when the debt performance period expires or the guarantee period under the acceptance of the commercial bills and the letter of guarantee is two years from the date of Creditor 4's advance payment

Guarantee method: the guarantee method is joint liability guarantee. When Shandong Shengli fails to perform the repayment obligation as stipulated in the loan contract, Creditor 4 has the right to directly seek repayment from the guarantor

Effective date of Guarantee Agreement 4: the Guarantee Agreement 4 shall become effective upon due execution

Guarantee Agreement 5:

Parties: (1) China Oil and Gas Investment (as guarantor); and
(2) the Creditor 5

LETTER FROM THE BOARD

Guarantee: China Oil and Gas Investment, as guarantor, shall agree to provide guarantee up to a maximum amount of RMB80,000,000, in favour of Creditor 5 for the due performance of Shandong Shengli's repayment obligations under the loan agreement, including but not limited to that with respect to the principal amount, interests, penalty interests, default penalties, compensations and other expenses incurred by Creditor 5 from the realisation of its debt and guarantee rights

Guarantee period: Guarantee Agreement 5 is effective upon execution and the guarantee period is until three years from the date when the debtor's debt performance period expires

Guarantee method: the guarantee method is joint liability guarantee. When Shandong Shengli fails to perform the repayment obligation as stipulated in the loan contract, Creditor 5 has the right to directly seek repayment from the guarantor

Effective date of Guarantee Agreement 5: the Guarantee Agreement 5 shall become effective upon due execution

Guarantee Agreement 6:

Parties: (1) China Oil and Gas Investment (as guarantor); and
(2) the Creditor 6

Guarantee: China Oil and Gas Investment, as guarantor, shall agree to provide guarantee up to a maximum amount of RMB100,000,000, in favour of Creditor 6 for the due performance of Shandong Shengli's repayment obligations under the loan agreement, including but not limited to that with respect to the principal amount, interests, penalty interests, default penalties, compensations and other expenses incurred by Creditor 6 from the realisation of its debt and guarantee rights

LETTER FROM THE BOARD

Guarantee period: from execution date of Guarantee Agreement 6 until three years from the date when the debt performance period expires

Guarantee method: the guarantee method is joint liability guarantee. When Shandong Shengli fails to perform the repayment obligation as stipulated in the loan contract, Creditor 6 has the right to directly seek repayment from the guarantor

Effective date of Guarantee Agreement 6: the Guarantee Agreement 6 shall become effective upon due execution

Guarantee Agreement 7:

Parties: (1) China Oil and Gas Investment (as guarantor); and
(2) the Creditor 7

Guarantee: China Oil and Gas Investment, as guarantor, shall agree to provide guarantee up to a maximum amount of RMB100,000,000, in favour of Creditor 7 for the due performance of Shandong Shengli's repayment obligations under the loan agreement, including but not limited to that with respect to the principal amount, interests, penalty interests, default penalties, compensations and other expenses incurred by Creditor 7 from the realisation of its debt and guarantee rights

Guarantee period: from execution date of Guarantee Agreement 7 until three years from the date when the debt performance period expires

Guarantee method: the guarantee method is joint liability guarantee. When Shandong Shengli fails to perform the repayment obligation as stipulated in the loan contract, Creditor 7 has the right to directly seek repayment from the guarantor

Effective date of Guarantee Agreement 7: the Guarantee Agreement 7 shall become effective upon due execution

LETTER FROM THE BOARD

Guarantee Agreement 8:

Parties: (1) China Oil and Gas Investment (as guarantor); and
(2) the Creditor 8

Guarantee: China Oil and Gas Investment, as guarantor, shall agree to provide guarantee up to a maximum amount of RMB100,000,000, in favour of Creditor 8 for the due performance of Shandong Shengli's repayment obligations under the loan agreement, including but not limited to that with respect to the principal amount, interests, penalty interests, default penalties, compensations and other expenses incurred by Creditor 8 from the realisation of its debt and guarantee rights

Guarantee period: Guarantee Agreement 8 is effective upon execution and the guarantee period is until three years from the date when the debtor's debt performance period expires

Guarantee method: the guarantee method is joint liability guarantee. When Shandong Shengli fails to perform the repayment obligation as stipulated in the loan contract, Creditor 8 has the right to directly seek repayment from the guarantor

Effective date of Guarantee Agreement 8: the Guarantee Agreement 8 shall become effective upon due execution

Guarantee Agreement 9

Parties: (1) China Oil and Gas Investment (as guarantor); and
(2) the Creditor 9

LETTER FROM THE BOARD

Guarantee:	China Oil and Gas Investment, as guarantor, shall agree to provide guarantee up to a maximum amount of RMB30,000,000, in favour of the Creditor 9 for the due performance of Shandong Shengli's repayment obligations under the loan contract, including but not limited to that with respect to the principal amount, interests, penalty interests, default penalties, compensations and other expenses incurred by the Creditor 9 from the realisation of its debt and guarantee rights
Guarantee period:	Guarantee Agreement 9 is effective upon execution and the guarantee period is until two years from the date when the debt performance period expires or the guarantee period under the acceptance of the bank's acceptance and the letter of guarantee is two years from the date of Creditor 9's advance payment
Guarantee method:	the guarantee method is joint liability guarantee. When Shandong Shengli fails to perform the repayment obligation as stipulated in the loan contract, Creditor 9 has the right to directly seek repayment from the guarantor
Effective date of Guarantee Agreement 9:	the Guarantee Agreement 9 become effective upon due execution

INFORMATION OF THE PARTIES

The Group

The Group is principally engaging in investment in energy related business in various regions in the PRC and West Central Alberta, Canada. China Oil and Gas Investment is a wholly-owned subsidiary of the Group.

LETTER FROM THE BOARD

Shandong Shengli

Shandong Shengli is a company limited by shares established in the PRC whose issued shares are listed and traded on the main board of the Shenzhen Stock Exchange. As at the Latest Practicable Date, Shandong Shengli is indirectly owned as to 22.16% by the Company and the Company has become the single largest shareholder of Shandong Shengli. As at 31 May 2022, the shareholding ratio of the top 10 largest shareholders in Shandong Shengli is as follows:

Ranking	Name of Shareholders	Shareholding Ratio %
1	China Oil and Gas Investment	22.16
2	Sun Life Insurance Company - Universal Life Insurance Products* (陽光人壽保險股份有限公司－萬能保險產品)	5.56
3	Shandong Shengli Investment Co., Ltd.* (山東勝利投資股份有限公司)	3.00
4	Guangzhou Runkaisheng Investment Co., Ltd.* (廣州潤鎧勝投資有限責任公司)	2.07
5	Wuxi Yilida Machinery Co., Ltd.* (無錫億利大機械有限公司)	1.25
6	DONG Aiyun (董愛雲)	1.04
7	Shangdong Puhua Project Management Co., Ltd.* (山東普華專案管理有限公司)	0.78
8	HUANG Yongyao* (黃永耀)	0.55
9	SU Zhihuan* (蘇枝桓)	0.44
10	CAO Qin* (曹欽)	0.39

The shareholding ratio of each of the shareholders after the top 10th shareholders is less than 0.39%. To the best understanding of the Directors, shareholders of Shandong Shengli other than China Oil and Gas Investment are third parties independent of the Company and its connected persons.

LETTER FROM THE BOARD

Creditor 1

Creditor 1 is a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. The largest shareholder of the Creditor 1 is Zhejiang Financial Holding Co., Ltd.* (浙江省金融控股有限公司), an Independent Third Party, which holds approximately 12.49% equity interests in the Creditor 1.

Creditor 2

Creditor 2 is a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. The largest shareholder of the Creditor 2 is Shandong Expressway Group Co., Ltd.* (山東高速集團有限公司), an Independent Third Party, which holds approximately 20% equity interests in the Creditor 2.

Creditor 3

Creditor 3 is a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. The largest shareholder of the Creditor 3 is Rizhao Port Group Co., Ltd.* (日照港集團有限公司), an Independent Third Party, which holds approximately 17.01% equity interests in the Creditor 3.

Creditor 4

Creditor 4 is a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. The largest shareholder of the Creditor 4 is Intesa Sanpaolo S.p.A (義大利聯合聖保羅銀行), an Independent Third Party, which holds approximately 17.5% equity interests in the Creditor 4.

Creditor 5

Creditor 5 is a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. The largest shareholder of the Creditor 5 is Jining Finance Bureau* (濟寧市財政局), an Independent Third Party, which holds approximately 20.26% equity interests in the Creditor 5.

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Creditor 6

Creditor 6 is a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. The largest shareholder of the Creditor 6 is Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), an Independent Third Party, which holds approximately 49.56% equity interests in the Creditor 6.

Creditor 7

Creditor 7 is a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. The largest shareholder of the Creditor 7 is China Merchants Ship Co., Ltd.* (招商局輪船有限公司), an Independent Third Party, which holds approximately 13.04% equity interests in the Creditor 7.

Creditor 8

Creditor 8 is a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. The largest shareholder of the Creditor 8 is Dajia Life Insurance Co.,Ltd.* (大家人壽保險股份有限公司), an Independent Third Party, which holds approximately 16.79% equity interests in the Creditor 8.

Creditor 9

Creditor 9 is a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. The largest shareholder of the Creditor 9 is Taian Dianshi Asset Management Co., Ltd.* (泰安點石資產管理有限公司), an Independent Third Party, which holds approximately 21.9% equity interests in the Creditor 9.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Shandong Shengli, Creditor 1, Creditor 2, Creditor 3, Creditor 4, Creditor 5, Creditor 6, Creditor 7, Creditor 8 and Creditor 9 and their respective ultimate beneficial owner(s) are Independent Third Parties of the Company and its connected persons (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF THE PROVISION OF GUARANTEES

Corporate guarantees for external bank borrowings of the Shandong Shengli have been previously provided by Shandong Shengli Investment Holdings Co., Ltd.* (山東勝利投資股份有限公司), the former single largest shareholder of Shandong Shengli. Pursuant to announcements of the Company dated 15 July 2021, 10 August 2021 and 18 October 2021, the Company has

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acquired 22.16% of the then existing issued shares of Shandong Shengli (including the acquisition of 6.99% of issued shares of Shandong Shengli previously owned by Shandong Shengli Investment Holdings Co., Ltd.) and the Company has become the single largest shareholder of Shandong Shengli since October 2021.

Because of the change of the single largest shareholder of Shandong Shengli, corporate guarantees for external bank borrowings of Shandong Shengli will be provided by China Oil and Gas Investment to cater for the funding requirements of Shandong Shengli for its operation of energy business in the PRC and only on normal commercial terms. Providing guarantees to Shandong Shengli can (i) facilitate the loan approval process which can be completed more smoothly for Shandong Shengli and (ii) maintain healthy long-term development relationship with financial institutions. The Directors (including independent non-executive Directors) consider that the provision of the Guarantees is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE PROVISION OF GUARANTEES

The provision of the Guarantees will not have any immediate effect on the earnings, assets and liabilities of the Company on the dates of the Guarantee Agreements. However, if the borrower fails to make payment of any guaranteed indebtedness, or fails to observe and perform its other obligations and undertakings under the facility agreement and other finance documents to which the borrower is a party, the Company, as the guarantor, will be responsible for up to the maximum amount of RMB1,105,000,000, and such amount of liabilities will be recorded in the Group's statement of financial position. The guarantee fee income of the Company is expected to be around RMB5.7 million for the year ending 31 December 2022.

Save as disclosed above, the Directors are of the view that the provision of the Guarantees under the Guarantee Agreements will not have any material effects on the earnings, assets and liabilities of the Group.

LISTING RULES IMPLICATIONS

According to Rule 14.22 of the Listing Rules, the Stock Exchange will aggregate a series of transactions and treat them as if they were one transaction if they are all completed within a 12-month period or are otherwise related.

Reference is made to the announcements of the Company dated 31 March 2022, 12 April 2022 and 29 April 2022 in relation to the provision of guarantees by China Oil and Gas Investment to the creditors of Shandong Shengli. As the provision of guarantees by China Oil and Gas

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Investment is for the due performance of the repayment obligations of Shandong Shengli to its creditors constitute a series of related transactions, the provision of guarantees is required to be aggregated with the Memorandum pursuant to Rule 14.22 of the Listing Rules.

Upon aggregation of the provision of guarantees under the announcements dated 31 March 2022, 12 April 2022 and 29 April 2022 and the provision of guarantees under the Memorandum, the assets ratio and consideration ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the aggregate guaranteed amounts is 5.74% and 62.44%, respectively. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the aggregate guaranteed amounts of the Guarantees exceed 25% but all such percentage ratios are less than 100%, the provision of the Guarantees constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The SGM

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the provision of Guarantees. A notice convening the SGM to be held at Suite 1518, Xinhai International Business Centre, No. 9 Qianshan Road, Xiangzhou District, Zhuhai City, Guangdong Province, China on Friday, 15 July 2022 at 10:30 a.m. is set out on pages SGM-1 to SGM-3 of the Circular.

The voting in respect of the resolution to be proposed at the SGM will be conducted by way of poll whereby any Shareholders and their respective close associates (as defined under the Listing Rules) who have a material interest in the provision of Guarantees shall abstain from voting on the resolution in relation to the provision of Guarantees to be proposed at the SGM. To the best of the Directors' knowledge, information and belief, as at the Latest Practicable Date, no Shareholder has a material interest in the provision of Guarantees which is different from the other Shareholders. Therefore, no Shareholder would be required to abstain from voting on the proposed resolution in relation to the provision of Guarantees at the SGM.

Whether or not you intend to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

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CLOSURE OF REGISTER OF MEMBERS

For determining the identity of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 12 July 2022 to Friday, 15 July 2022 (both days inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 11 July 2022.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the provision of guarantees are fair and reasonable and are on normal commercial terms, which are in the interest of the Company and the Shareholders as a whole.

The SGM will be convened to approve the provision of guarantees in accordance with Chapter 14 of the Listing Rules, the Board would recommend the Shareholders to vote in favour of the resolution to approve the provision of Guarantees at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board
China Oil And Gas Group Limited
Xu Tie-liang
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021 is disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://www.hk603.com>) and can be accessed at the website addresses below:

- Annual report of the Company for the year ended 31 December 2019 (pages 55 to 211)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042401646.pdf>
- Annual report of the Company for the year ended 31 December 2020 (pages 54 to 215)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0415/2021041500489.pdf>
- Annual report of the Company for the year ended 31 December 2021 (pages 58 to 224)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042100521.pdf>

2. INDEBTEDNESS STATEMENT

As at 30 April 2022, being the latest practicable date for the purpose of this statement of indebtedness, the Group had outstanding indebtedness as follows:

	30 April 2022
	<i>In HKD million</i>
Unsecured bank loans	5,175
Unsecured other borrowings	1
Unsecured debt securities	3,858
Lease liabilities	<u>65</u>
Total	<u><u>9,099</u></u>

Save as aforesaid or except for intra-group liabilities and normal trade payables, as at 30 April 2022, none of members of the Group had (a) any debt securities issued and outstanding, and authorized or otherwise created but unissued; (b) any term loans; (c) any borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; (d) any debentures, mortgages or charges; or (e) any guarantee or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. SUFFICIENCY OF WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that, taking into account the financial resources available to the Group including cash flows to be generated from the operating activities and the available credit facilities, the Group has sufficient working capital for its requirements for at least 12 months from the date of this circular, in the absence of unforeseen circumstances. The Directors confirm that requirements under Rule 14.66(12) have been complied with.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

China continuously deepened reform on the natural gas system and tightened control over prices in natural monopoly sectors to promote the high-quality development of the natural gas industry. The National Development and Reform Commission issued the “Measures for the administration of prices for natural gas pipeline transportation (interim)” and the “Measures for the supervision and examination of the pricing cost of natural gas pipeline transportation (interim)” to improve the mechanism for regulating natural gas prices and release the benefits of reform. Further efforts will be made to optimise the natural gas price regulating mechanism to vitalise market and promote the perfect competition between the upstream and downstream sectors.

China Oil & Gas Pipeline Network Corporation (“PipeChina”) has received pipeline infrastructure assets from the three state-owned oil conglomerates since its establishment. It plans to connect the provincial pipeline networks of some provinces. PipeChina operated more than 60% of the country’s total natural gas pipeline mileage. It will accelerate the construction of a nationwide oil and gas pipeline network. PipeChina plans to integrate all major domestic natural gas resources to achieve the interconnection of trunk gas transmission lines by 2025.

China aims to bring its carbon emissions to a peak before 2030 and become carbon-neutral before 2060. The transformation of energy structure is the must-go path to meet the targets. Natural gas is a realistic choice to ensure energy security, transform energy structure and realise clean energy supply. It will act as a bridge in the transformation of energy structure. In China, the proportion of urban population grew from 37.66% in 2001 to 63.89% in 2021. The 14th Five-Year Plan set a target of 65% of the urbanisation rate for the 2021–2025 period. China will continuously see rapid urbanisation in the next five years. With the development of urbanisation,

the gasification rate in urban areas will go up and the gas consumption of urban households will increase in a steady manner in the future. Clean energy will be used for heating by all urban households of key cities, by more than 80% of the households in counties and urban-rural fringes, and by 60% of the households in rural areas. Heating with natural gas has larger development space.

In the next step, the Group will consolidate its existing advantages to explore markets and gas sources, and strengthen the capacity building of gas storage and peak shaving. The Group established Chongqing Natural Gas Storage and Transportation Company Limited* (重慶天然氣儲運有限公司) with PetroChina Company Limited (中國石油天然氣股份有限公司), Chongqing Gas Group Corporation Ltd. (重慶燃氣集團股份有限公司), Chongqing Shale Gas Industry Investment Fund Co., Ltd. (重慶頁岩氣產業投資基金有限責任公司) and Chongqing Kaiyuan Petroleum and Natural Gas Co., Ltd. (重慶凱源石油天然氣有限責任公司). The joint venture will build two gas storage facilities with a capacity of 3.1 billion cubic metres. After completion, the facilities will play to their strengths in resources, location and so forth of underground gas storage in Chongqing to address the problems including insufficient gas storage facilities and weak supply in winter in the city, which will make a positive contribution to ensure the national gas supply in China. Pursuant to announcements of the Company dated 15 July 2021, 10 August 2021 and 18 October 2021, the Company has acquired 22.16% of the existing issued shares of Shandong Shengli (including the acquisition of 6.99% of issued shares of Shandong Shengli previously owned by Shandong Shengli Investment Holdings Co., Ltd.) and the Company has become the single largest shareholder of Shandong Shengli, which will further broaden its market coverage, generate synergies and promote its high-quality development.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorized and issued share capital of the Company as at the Latest Practicable Date were as follows:

Authorized	<i>HK\$</i>
<u>125,000,000,000</u> Shares of HK\$0.01 each	<u>1,250,000,000</u>
<i>Issue and fully paid or credited as full paid:</i>	
<u>5,767,043,834</u> Shares of HK\$0.01 each	<u>57,670,438</u>

All of the Shares in issue rank pari passu in all aspects, including all rights as to dividend, voting and interest in capital, among themselves and with all other Shares in issue on the date of issue.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which is required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executive of the Company was taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long position in the shares of the Company

Name of Director	Capacity	Long position/short position	Notes	Number of ordinary shares held	Approximate percentage of the Company's issued share capital	Amount of debentures held
Xu Tie-liang	Beneficiary of a trust	Long position	1,2	1,592,634,130	27.62%	US\$3,540,000
	Interest in controlled corporations	Long position	2	—	—	US\$9,000,000
Guan Yijun	Interest of spouse	Long position	1,2	1,592,634,130	27.62%	US\$3,540,000
	Interest of spouse	Long position	2	—	—	US\$1,500,000
	Interest of controlled corporation	Long position	2	—	—	US\$7,500,000
Xu Ran	Beneficial owner	Long position		500,000	0.01%	

Notes:

- Mr. Xu Tie-liang (“**Mr. Xu**”) is the beneficiary of The Great Xu Fund Trust, a trust managed by TMF (Cayman) Ltd.. TMF (Cayman) Ltd. as trustee holds the entire issued share capital of Great Xu Holdings Limited (“**Great Xu**”) which acquired the entire issued share capital of Sino Vantage Management Limited (“**Sino Vantage**”) on 22 January 2021, which in turn holds 1,592,634,130 Shares. Therefore, Mr. Xu is deemed to be interested in 1,592,634,130 Shares pursuant to the SFO. Ms. Guan Yijun (“**Ms. Guan**”) is the spouse of Mr. Xu, therefore, Ms. Guan is also deemed to be interested in the said 1,592,634,130 Shares pursuant to the SFO.
- (i) An amount of US\$2,000,000 of the 4.625% senior notes due 2022 (the “**2022 Notes**”) is held through Moral High Limited (“**Moral High**”) which is owned by Mr. Xu and Ms. Guan 50% each and an amount of US\$1,500,000 of the 2022 Notes is held through Sino Advance Holdings Limited, a company indirectly wholly-owned by Mr. Xu; (ii) an amount of US\$3,540,000 of the US\$320,000,000 5.5% senior notes of the Company due 2023 (the “**2023 Notes**”) is held through Sino Vantage and an amount of US\$4,000,000 of the 2023 Notes is held through Moral High; and (iii) an amount of US\$1,500,000 of the US\$400,000,000 4.7% senior notes of the Company due 2026 is held through Moral High.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company has an interest or short position in any shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which is required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the

Directors or chief executive of the Company was taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(b) Directors' interests in assets and contracts

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Company or are proposed to be acquired or disposed of by or leased to the Company since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by the Company subsisting at the Latest Practicable Date and which is significant in relation to the business of the Company.

(c) Directors' and management shareholders' interests in competing business

As at the Latest Practicable Date, none of the Directors or the controlling shareholders of the Company and their respective associates has any interest in a business, apart from the business of the Company, which competes or may compete with the business of the Company or has any other conflict of interest with the Company which would be required to be disclosed under Rule 8.10 of the Listing Rules.

(d) Substantial Shareholders' and other Shareholders' interests

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors or chief executive of the Company, no other person has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to section 324 of the SFO, or, who is, directly or indirectly, interested in 10 per cent. (10%) or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Long position in the Shares of the Company

Name of Shareholders	Capacity	Long position/short position	Number of Shares held	Approximate percentage of the Company's issued share capital
Sino Vantage	Beneficial owner	Long position	1,592,634,130	27.62%
Great Xu	Interest in controlled corporations	Long position	1,592,634,130	27.62%
TMF (Cayman) Ltd.	Trustee	Long position	1,592,634,130	27.62%

Note: These 1,592,634,130 Shares are held by Sino Vantage, which is wholly-owned by Great Xu, which in turn wholly-owned by TMF (Cayman) Ltd.. TMF (Cayman) Ltd. managed The Great Xu Fund Trust in which Mr. Xu is the beneficiary. Therefore, each of Great Xu and TMF (Cayman) Ltd. is taken to be interested in the same number of Shares in which Sino Vantage interested.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors entered or proposed to enter into any service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

5. MATERIAL CONTRACTS

Save as disclosed below, the Company has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular which are or may be material:

- (i) the Memorandum;
- (ii) the guarantee agreement dated 29 April 2022 entered into between China Oil and Gas Investment and Taian Bank Co., Ltd (泰安銀行股份有限公司) as creditor, pursuant to which, China Oil and Gas Investment agreed to provide guarantee up to a maximum amount of RMB200,000,000, in favour of the creditor for the due performance of Shandong Shengli's repayment obligations under the loan contract;

- (iii) the guarantee agreement dated 12 April 2022 entered into between China Oil and Gas Investment and Taian Bank Co., Ltd (泰安銀行股份有限公司) as creditor, pursuant to which, China Oil and Gas Investment agreed to provide guarantee up to a maximum amount of RMB120,000,000, in favour of the creditor for the due performance of Shandong Shengli's repayment obligations under the loan contract;
- (iv) the guarantee agreement dated 31 March 2022 entered into between China Oil and Gas Investment and Hua Xia Bank Co., Ltd. (華夏銀行股份有限公司) as creditor, pursuant to which, China Oil and Gas Investment agreed to provide the guarantee up to a maximum amount of RMB50,000,000, in favour of the creditor for the due performance of Shandong Shengli's repayment obligations under the loan agreement;
- (v) the guarantee agreement dated 7 March 2022 entered into between China Oil and Gas Investment and China Guangfa Bank Co., Ltd. (廣發銀行股份有限公司) as creditor, pursuant to which, China Oil and Gas Investment agreed to provide the guarantee up to a maximum amount of RMB50,000,000, in favour of the creditor for the due performance of Shandong Shengli's repayment obligations under the loan agreement;
- (vi) the facility agreement entered into among the Company as borrower, The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley Senior Funding, Inc., China CITIC Bank International Limited, State Bank of India (Hong Kong Branch), China Minsheng Banking Corp., Ltd. (Hong Kong Branch), Ping An Bank Co., Ltd., KDB Asia Limited, Shinhan Bank Hong Kong Branch and Tai Fung Bank Limited and certain subsidiaries of the Company as guarantors, and certain financial institutions as lenders on 31 December 2021, pursuant to which the lenders made available to the Company a term loan facility in an aggregate principal amount of USD290 million;
- (vii) the share transfer agreement entered into between China Oil and Gas Investment as purchaser and Jining Qilu Testing Technology Co., Ltd. and Shandong Nova Bio-engineering Co., Ltd. as vendors on 15 July 2021 in relation to the acquisition of a total of 41,074,629 shares of Shandong Shengli;
- (viii) the share transfer agreement entered into between China Oil and Gas Investment as purchaser and Mr. Wang An as vendor on 15 July 2021 in relation to the acquisition of a total of 6,600,874 shares of Shandong Shengli;
- (ix) the share transfer agreement entered into between China Oil and Gas Investment and Shandong Shengli Investment Co., Ltd.* (山東勝利投資股份有限公司) as vendor on 10 August 2021 in relation to the acquisition of a total of 61,500,000 shares of Shandong Shengli;

- (x) the share transfer agreement entered into between China Oil and Gas Investment as purchaser and Mr. Sun Guanjie as vendor on 10 August 2021 in relation to the acquisition of a total of 27,023,600 shares of Shandong Shengli;
- (xi) the share transfer agreement entered into between China Oil and Gas Investment as purchaser and Mr. Yan Changyong as vendor on 10 August 2021 in relation to the acquisition of a total of 15,101,119 shares of Shandong Shengli;
- (xii) the agreement entered into by and among the Company, certain existing subsidiaries of the Company, the Hongkong and Shanghai Banking Corporation Limited and Morgan Stanley & Co. International plc on 23 June 2021 in relation to the issue of the 4.7% senior notes due 2026 in the aggregate principal amount of US\$400,000,000 by the Company;
- (xiii) the funding agreement entered into between PetroChina Company Limited, Chongqing Gas Group Corporation Ltd., Chongqing Shale Gas Industry Investment Fund Co., Ltd.* (重慶頁岩氣產業投資基金有限責任公司), China City Natural Gas Investment Group Company Limited* (中油中泰燃氣投資集團有限公司) and Chongqing Kaiyuan Petroleum and Natural Gas Co., Ltd.* (重慶凱源石油天然氣有限責任公司) on 23 November 2020 in relation to the formation of Chongqing Natural Gas Storage and Transportation Co., Ltd.* (重慶天然氣儲運有限公司); and
- (xiv) the equity investment agreement entered into by China Oil and Gas Investment, ZhengShejian, Ning Xianguo, Shanxi Tianfengda Energy Group Co., Ltd.* (山西天豐達能源集團有限公司), Jishan County Tianfengda Gas Co., Ltd.* (稷山縣天豐達燃氣有限公司), Wanrong Tianfengda Gas Co., Ltd.* (萬榮縣天豐達燃氣有限公司), and Ruicheng County Fengde Gas Co., Ltd.* (芮城縣豐德燃氣有限公司) on 8 July 2020.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

7. EXPERTS AND CONSENTS

The followings are the qualifications of the expert who have given opinions, letters or advice for the incorporation in this circular:

Name	Qualification
Draco Capital Limited	A licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activities

The above expert have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their opinion or letters, as the case may be, and references to their name, opinion or letters in the form and context in which they appear.

As at the Latest Practicable Date, the above expert is not beneficially interested in any shareholding in the Company nor have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company, nor did they have any interest, either direct or indirect, in any assets of the Company which have been, since 31 December 2021 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of or leased to, or are proposed to be acquired or disposed of or leased to, the Company.

8. MISCELLANEOUS

- (a) So far as is known to the Directors, as at the Latest Practicable Date, there was (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholders, whereby he/she/it has or may have temporarily or permanently passed control over the exercise of the voting rights in respect of his/her/its Shares to a third party, either generally or on a case-by-case basis;
- (b) So far as is known to the Directors, as at the Latest Practicable Date, there was no discrepancy between any Shareholder's beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in respect of which it will control or will be entitled to exercise control over the voting rights at the SGM;
- (c) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;

- (d) The head office and principal place of business of the Company in Hong Kong is Suite 2805, 28th Floor, Sino Plaza, 255–257 Gloucester Road, Causeway Bay, Hong Kong;
- (e) The company secretary of the Company in Hong Kong is Ms. Chan Yuen Ying Stella who is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. She is also a member of The Hong Kong Institute of Directors;
- (f) The Company’s Hong Kong branch share registrar is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong; and
- (g) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hk603.com>) from the date of this circular up to and including the date of the SGM:

- (a) the written consents referred to in the section headed “7. EXPERTS AND CONSENTS” in this appendix;
- (b) the material contracts referred to in the section headed “5. MATERIAL CONTRACTS” in this appendix;
- (c) the circular of the Company dated 24 June 2022; and
- (d) the Memorandum.

NOTICE OF THE SGM



中油燃氣集團有限公司*

CHINA OIL AND GAS GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 603)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY given that the Special General Meeting (the “**Meeting**”) of the Company will be held at Suite 1518, 15th Floor, Xinhai International Business Centre, No. 9 Qianshan Road, Xiangzhou District, Zhuhai City, Guangdong Province, China on Friday, 15 July 2022 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) a memorandum dated 20 May 2022 entered into between China Oil and Gas Investment (as guarantor) and Shandong Shengli Co., Ltd. (山東勝利股份有限公司), pursuant to which China Oil and Gas Investment agrees to provide guarantees to relevant banking and financial institutions (as detailed in the circular of the Company dated 24 June 2022) for Shandong Shengli’s loan repayment obligations, and assume joint and several liability for repayment, according to the terms of the guarantee agreements to be entered into with the respective creditors, a copy of which was produced to this Meeting and marked “A” and initialed by the chairman of this Meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the authorisation to any one of the directors of the Company (the “**Director(s)**”), or any other person authorised by the board of Director(s) (the “**Board**”) from time to time, for and on behalf of the Company, among other matters, to sign, seal, execute, perfect, perform and deliver all such agreements, instruments, documents and deeds, and to do all such acts, matters and things and take all such steps as he or she or they may in his or her or their absolute discretion consider to be necessary, expedient, desirable or appropriate to give effect to and implement the Memorandum and the transactions contemplated thereunder and all

* For identification purposes only

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matters incidental to, ancillary to or in connection thereto, including agreeing and making any modifications, amendments, waivers, variations or extensions of the Memorandum or the transactions contemplated thereunder be and are hereby approved, ratified and confirmed.”

By Order of the Board
China Oil And Gas Group Limited
Chan Yuen Ying, Stella
Company Secretary

Hong Kong, 24 June 2022

Head office and principal place of business in Hong Kong:
Suite 2805, 28th Floor
Sino Plaza
255–257 Gloucester Road
Causeway Bay
Hong Kong

Notes:

1. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy needs not be a member. In light of the epidemic situation of COVID-19, the Company encourages Shareholders to join the meeting by online webcast. Shareholders may consider appointing the chairman of the meeting as his/her proxy to vote on the resolution, instead of attending the meeting in person.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

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6. For determining the identity of the Shareholders to attend and vote at the meeting, the register of members of the Company will be closed from Tuesday, 12 July 2022 to Friday, 15 July 2022 (both days inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 11 July 2022.
7. As at the date of this notice, the board of directors of the Company comprises four executive Directors, namely Mr. Xu Tie-liang (Chairman and Chief Executive Officer), Ms. Guan Yijun, Mr. Gao Falian and Ms. Xu Ran; and three independent non-executive Directors, namely Mr. Wang Wenhua, Mr. Wang Guangtian and Mr. Yang Jie.
8. **In case the venue is being closed on the date of meeting due to COVID-19, the meeting shall stand adjourned to the same day in the next week or at such other time and place as the chairman of the meeting may determine. The Company will post an announcement on the Stock Exchange and the Company's website notifying Shareholders of the date, time and place of the adjourned meeting.**