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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

INTERIM RESULTS

The Board of Directors (the "Board") of China Oil And Gas Group Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2007 (the "Period").

The unaudited condensed consolidated financial statements for the Period have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period from 1 January to 30 June 2007

	Notes	**Unaudited (6 months) 1.1.2007- 30.6.2007 *HK$'000***	Unaudited (11 months) 1.8.2005- 30.6.2006 *HK$'000*
Continuing operations			
Turnover	*3*	**144,529**	150,825
Cost of sales		**(92,724)**	(101,168)
Gross profit		**51,805**	49,657
Other income and gains, net		**7,869**	29,245
Selling and distribution costs		**(2,957)**	(3,163)
Administrative expenses		**(14,205)**	(19,338)
Other expenses		**–**	(2,443)
Operating profit		**42,512**	53,958
Share of profit/(losses) of associates of jointly controlled entities		**1,970**	(2,421)
Finance costs		**(883)**	(1,499)
Profit before taxation	*4*	**43,599**	50,038
Taxation	*5*	**(4,361)**	(1,721)
Profit for the period from continuing operations		**39,238**	48,317
Discontinued operations			
Profit for the period from discontinued operations		**–**	3,230
Profit for the period		**39,238**	51,547
Attributable to:			
Equity holders of the Company		**31,645**	44,910
Minority interests		**7,593**	6,637
		39,238	51,547
Earnings per share	*6*		
Basic			
From continuing and discontinued operations			
– Basic		**1.0 cents**	2.5 cents
– Diluted		**0.8 cents**	1.9 cents
From continuing operations			
– Basic		**1.0 cents**	2.3 cents
– Diluted		**0.8 cents**	1.7 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

	Unaudited At 30.6.2007 *HK$'000*	Audited At 31.12.2006 *HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**128,866**	109,142
Leasehold land and land use rights	**3,662**	3,778
Goodwill	**377,827**	58,188
Interests in associates	**12,749**	14,076
Available-for-sale financial assets	**3,941**	1,092
	527,045	186,276
CURRENT ASSETS		
Leasehold land and land use rights	**88**	88
Inventories	**8,628**	8,154
Financial assets at fair value through profit or loss	**9,500**	36,026
Deposits, trade and other receivables	**119,788**	96,559
Cash and cash equivalents	**861,276**	165,417
	999,280	306,244
TOTAL ASSETS	**1,526,325**	492,520
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	**38,297**	25,197
Reserves	**1,145,545**	286,157
	1,183,842	311,354
Minority interests	**29,319**	21,213
Total equity	**1,213,161**	332,567
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**95,335**	95,919
Bank and other borrowings	**14,390**	14,088
Tax payable	**5,161**	8,557
	114,886	118,564

	Unaudited	Audited
	At 30.6.2007	At 31.12.2006
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Bank and other borrowings	**39,575**	38,743
Deferred tax liabilities	**2,703**	2,646
Convertible notes	**156,000**	–
	198,278	41,389
TOTAL LIABILITIES	**313,164**	159,953
TOTAL EQUITY AND LIABILITIES	**1,526,325**	492,520
NET CURRENT ASSETS	**884,394**	187,680
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,411,439**	373,956

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which also include Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The condensed financial statements have been prepared under the historical cost convention, as modified by revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2006.

2. IMPACTS OF NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

Certain new standards, amendments and interpretations to existing standards have been published which are relevant to the Group's operations and financial statements and are mandatory for the Group's accounting periods beginning on or after 1 January 2007 or later periods, as noted below. Adoption of these Standards and Interpretations did not have any effect to the financial position or performance of the Group.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006)
HK(IFRIC)-Int 8	Scope of HKFRS 2 (effective from 1 March 2006)
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives (effective from 1 June 2006)
HK(IFRIC)-Int 10	Interim Reporting and Impairment (effective from 1 November 2006)
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments (effective from 1 January 2009)

3. SEGMENT INFORMATION

The Group is principally engaged in investments in the natural gas and other gas and energy related businesses. The Group's silicone rubber business, and investment in internet, information technology had been discontinued and disposed of on 14 February 2006 and 30 December 2006 respectively.

(a) Business Segments:

	Continuing operations		Discontinued operations					
	Natural gas business		Investment in internet, information technology and other activities		Silicone rubber business		Sub-total	
	(6 months) 1.1.2007 – 30.6.2007 ***HK$'000***	(11 months) 1.8.2005 – 30.6.2006 *HK$'000*	**(6 months) 1.1.2007 – 30.6.2007** ***HK$'000***	(11 months) 1.8.2005 – 30.6.2006 *HK$'000*	**(6 months) 1.1.2007 – 30.6.2007** ***HK$'000***	(11 months) 1.8.2005 – 30.6.2006 *HK$'000*	**(6 months) 1.1.2007 – 30.6.2007** ***HK$'000***	(11 months) 1.8.2005 – 30.6.2006 *HK$'000*
Segment revenue:								
Turnover	**144,529**	150,825	–	–	–	–	–	–
Segment results	**42,512**	36,703	–	22,946	–	26	–	22,972
Unallocated income	–	223	–	–	–	–	–	–
Unallocated expenses	–	(5,914)	–	–	–	–	–	–
Share of profit/(losses) of associates of jointly controlled entities	**1,970**	(2,421)	–	–	–	–	–	–
Gain on disposal of discontinued operations	–	–	–	–	–	3,096	–	3,096
Finance costs	**(883)**	(1,499)	–	–	–	–	–	–
Profit before taxation	**43,599**	27,092	–	22,946	–	3,122	–	26,068
Taxation	**(4,361)**	(1,721)	–	–	–	108	–	108
Profit for the period before minority interests	**39,238**	25,371	–	22,946	–	3,230	–	26,176

(b) Geographical Segment:

In determining the Group's geographical segments, revenues and results attributed to the segments are based on the location of the customers, and assets attributed to the segments are based on the location of the assets. During the Period and the 11 months ended 30 June 2006, turnover were all generated from the principal natural gas business in the People's Republic of China ("PRC").

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Unaudited (6 months) 1.1.2007 – 30.6.2007	Unaudited (11 months) 1.8.2005 – 30.6.2006
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**4,228**	6,696
Loss on disposal of property, plant and equipment	**–**	1,522
Loss on exchange	**6**	127

5. TAXATION

	Continuing operations		**Discontinued operations**		**Total**	
	Unaudited (6 months) 1.1.2007 – 30.6.2007	Unaudited (11 months) 1.8.2005 – 30.6.2006	**Unaudited (6 months) 1.1.2007 – 30.6.2007**	Unaudited (11 months) 1.8.2005 – 30.6.2006	**Unaudited (6 months) 1.1.2007 – 30.6.2007**	Unaudited (11 months) 1.8.2005 – 30.6.2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current taxation:						
Hong Kong	**–**	131	**–**	–	**–**	131
Other jurisdictions	**4,361**	1,590	**–**	(108)	**4,361**	1,482
Total tax charge for the period	**4,361**	1,721	**–**	(108)	**4,361**	1,613

Hong Kong profits tax has been provided at a rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the Period. Taxation on other jurisdictions has been calculated on the estimated assessable profits for the Period at the rate of taxation prevailing in the countries in which the Group operates.

No tax is attributable to associates and included in share of profit/(losses) of associates on the face of the condensed consolidated income statement.

6. EARNINGS PER SHARE

Basic

The calculation of basic earnings per share for the Period is based on the net profit attributable to equity holders of the Company of HK$31,645,000 (30 June 2006: profit of HK$44,910,000) and on the weighted average of 3,186,453,991 (30 June 2006: 1,797,260,045) ordinary shares in issue.

Basic earnings per share for the continuing operations based on the profit for the period ended 30 June 2006 from continuing operations of HK$41,680,000 and the denominators used are the same as those detailed above for basic earnings per share.

The calculation of diluted earnings per share is based on the following data:

	Unaudited (6 months) 1.1.2007 – 30.6.2007 ***HK$'000***	Unaudited (11 months) 1.8.2005 – 30.6.2006 *HK$'000*
Earnings		
From continuing and discontinued operations:		
Net profit for the period	**31,645**	44,910
Saving on deemed conversion of convertible notes	**330**	605
	31,975	45,515
From continuing operations:		
Net profit for the period	**31,645**	41,680
Saving on deemed conversion of convertible notes	**330**	605
	31,975	42,285
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,186,453,991**	1,797,260,045
Effect of dilutive potential ordinary shares – convertible notes	**650,000,000**	650,000,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,836,453,991**	2,447,260,045

7. DIVIDEND

No interim dividend was paid to shareholders during the Period (2006: Nil).

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2007 (30 June 2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

For comprehension of this interim results, please note that the interim result is 6 months ended 30 June 2007, whereas, given the Group had changed its financial year end from 31 July to 31 December, the corresponding comparative results retrieved from last interim period was 11 months from 1 August 2005 to 30 June 2006.

BUSINESS REVIEW

The Group is principally engaged in investment in the natural gas and energy related business. The Group, and through China City Natural Gas Co., Ltd. ("CCNG"), a joint venture company formed with China Petroleum Pipeline Bureau which is a wholly owned subsidiary of China National Petroleum Corporation, invest and operate natural gas in the PRC.

Gas operation of the Group including piped city gas business, natural gas stations ("CNG stations") business, liquefied natural gas ("LNG") business, and other gas related business, such as construction and logistic service.

The Group proposed to increase its equity interest in its major piped city gas operation – CCNG from 50% to 51% in May, and the proposal was subsequently approved by the shareholders of the Company after the balance sheet date on 16 July 2007, therefore, proportionate consolidation accounting was still applied for the consolidation of 50% of CCNG's results into the Group's accounts for the Period.

CCNG has increased its equity interest in Liling China Oil and Gas Co. Ltd. from 40% to 60% subsequent to 30 June 2007, therefore CCNG was still equity accounting for its 40% equity interests in its piped gas operation in Liling, Hunan during the Period.

As the corresponding results from the last interim period was 11 months which was distorted by the different time length and cut off period, in order to provide relevant and sensible comparison and analysis for the purpose of the business review, the key financial figures were rearranged and shown on the following table in 6 months from 1 January 2006 to 30 June 2006 (the "Last Period"):

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited and restated)
	HK$'000	*HK$'000*
Turnover	**144,529**	109,810
Gross Profit	**51,805**	35,145
Profit before tax	**43,599**	40,298
Profit after tax and minority interests	**31,645**	33,752

For the six months ended 30 June 2007, the Group recorded a turnover of approximately HK$145 million, representing an increase of approximately 31.6% as compared to the Last Period. The increase in turnover was mainly due to the increase in sales of piped gas and adjusted gas selling price in Xining city since January 2007. Gross profit of the Group increased by 47% to approximately HK$51.8 million, and gross margin was also improved due to the adjusted selling price and better gross margin from the CNG stations business. The Group's profit attributable to equity holders for the Period was approximately HK$31.6 million, slightly decreased about 6% as compared to the Last Period of HK$33.7 million. The decrease was mainly due to the decrease in other income from the securities investments activities for the Period.

Since the newly acquired projects and investments (i.e. CNG stations business, controlling interest in Liling gas operation, Nanchang city gas project, Qinghai LNG project) will have financial effects on the future financial results of the Group, during the Period under review, the CCNG gas operation, whose results was 50% consolidated into the Group's accounts, was still the major contributor to the Group's turnover and profit. Turnover of the CCNG group for the Period was approximately HK$260 million, proportionate to the Group: HK$130 million (Last Period: approximately HK$205 million), increased by 26%. During the Period, CCNG contributed HK$30 million to the Group's profit attributable to equity holders (Last Period: HK$13 million), increased by 130%. The increase in CCNG's profit was mainly due to the decrease in overall financial costs and the increase in sale of gas with adjusted gas price in the Xining operation.

Subsequent to the balance sheet date, CCNG increased its equity interest in Liling gas operation from 40% to 60%. The Liling gas operation is fast growing, since April 2007, we had increased the gas supply in Liling, the average daily gas sales volume increased by approximately 50%, daily reached approximately 250,000 m^3 gas.

In August 2007, the Group entered into agreement to acquire the piped gas projects in Nanchang city which is the largest industrial city in Jiangxi with strong GDP. The Nanchang gas project is still in the construction period, and is expected to have great contribution to the Group's earnings. The consideration for the acquisition of the Nanchang city gas project is approximately HK$70.5 million, and the acquisition is expected to be completed in October 2007. Apart from the Nanchang city gas project, the Group has also agreed with the government of Pingxiang to invest and operate piped gas business in Pingxiang, Jiangxi. Pingxiang is a city located in the western part of Jiangxi, close (approximately 30 km) to our gas operation in Liling, Hunan. The Group agreed to invest RMB70 million in the Pingxiang gas project and will supply gas to the local industries, mainly to the ceramic industry.

The Group has started the CNG stations business by acquiring CNG stations projects in Shandong, Anhui, and Jiangsu. The Jiangsu, Nanjing CNG stations acquisition was completed in February 2007, and the Anhui Maanshan CNG stations acquisition was completed in March 2007. As at 30 June 2007, most of the CNG stations are still under construction, where the main gas station in Anhui had come into operation around April 2007, and providing gas to other gas operators; the CNG station in Qingyun Shandong had come into trail operation in July 2007, and one of the station in the central of Nanjing city is expected to come into operation in October 2007. The CNG stations business had little contribution to the Group's results for the Period.

The Group's LNG factory in Xining will also come into trail operation in November 2007, and the Phase I construction will be completed and in its full operation by mid 2008.

PROSPECTS

It is evidenced that China is putting more effort on the environment, and will largely employ natural gas as a major energy source by importing large amount of natural gas from overseas. We are optimistic on the natural gas industry in the PRC, and we, together with our business partner, are confident and committed to develop the Group and CCNG as an integrated leading gas and energy group.

The Group has positive operating cash flow, rich surplus of cash and minimal debt and borrowing, the financial position of the Group is strong and ready for upcoming development and opportunities. We backed by our business partner with edge advantage in technical expertise, stable gas sources, strong business relationship will aggressively while rationally invest and expand our business through new investments, merger and acquisitions.

As mentioned in the business review, the Group has been actively investing in new projects with the aim to strengthen and improve the Group's financial position, turnover and earnings, where most of the investments and new projects were made during mid of the year which will have strong and prolonged financial effects in the future financial results of the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2007, the Group employed a total workforce of approximately 380 (2006: 340). Most of the employees are located in the PRC. The Group remunerates its employees based on their work performance, working experiences and professional qualifications and the prevailing market practice.

LIQUIDITY AND FINANCIAL RESOURCES

Capital Investments and Commitments

In December 2006, the Group entered into an agreement with an independent third party to acquire 80% of Plentigreat Holdings Limited ("Plentigreat") at the consideration of HK$133 million of which HK$67 million was settled by cash and HK$66 milion was settled by the issue of convertible notes of the Company ("Nanjing CNG Acquisiton"). The Plentigreat group is engaged in investments and operation of CNG stations business in Nanjing and Jiangsu. The Nanjing CNG Acquisiton was completed in February 2007, and the Company has provided interest free shareholder's loan of HK$15 million to Plentigreat for the construction and development of the CNG stations.

In December 2006, the Group entered into an agreement with Sino Vantage Management Limited ("Sino Vantage"), a company wholly-owned by Mr. Xu Tie-liang ("Mr. Xu"), the chairman and substantial shareholder of the Company to acquire the entire interest of Vast China Group Limited ("Vast China") at the consideration of HK$196.4 million, of which HK$10.4 million was settled by cash, HK$90 million was settled by the issue of convertible notes of the Company, and 400,000,000 shares of the Company were issued as consideration shares ("Anhui CNG Acquisition"). The Anhui CNG Acquisition is a connected and major transaction which had been duly approved by the independent shareholders of the Company in May 2007. Vast China group are principally engaged in investments and operation of CNG gas stations business in Maanshan. The Company has provided interest free shareholder's loan of HK$12 million to Vast China for the construction and development of the CNG stations.

In May 2007, the Group, through its wholly owned subsidiary, entered into a capital contribution agreement with CCNG, pursuant to which, the Group would contribute RMB20 million in the capital of CCNG, and the Group will through its subsidiaries, hold 51% effective interest in CCNG. The capital contribution in CCNG was approved by the shareholders of the Company in July 2007.

In June 2007, CCNG entered into an agreement to acquire an additional 20% of Liling China Oil and Gas Co. Ltd. ("Liling Gas") at the consideration of RMB35 million. The acquisition was completed in July 2007, and CCNG increased its equity interest in Liling Gas from 40% to 60%.

In August 2007, the Company, through its wholly-owned subsidiary and CCNG entered into an agreement with independent third parties to acquire entire interest of Ming Sheng Hong Kong Limited (which holds 76.35% interest in Nanchang Ruisheng Natural Gas Co., Limited ("Nanchang Ruisheng") and 80% interest in Changbei Ruisheng Natural Gas Co., Limited) at a total consideration of RMB 60.4 million, and CCNG acquires the 23.65% equity interests in Nanchang Ruisheng at a total consideration of RMB8.1 million. The total consideration of RMB68.5 million shall be wholly settled in cash ("Nanchang Acquisition"). The Nanchang Acquisition is expected to be completed in October. Apart from the Nanchang Acquisition in Jiangxi, the Company has also agreed with the government of Pingxiang to invest and operate piped gas business in Pingxiang, Jiangxi. The Company has agreed to invest RMB70 million in the Pingxiang gas project and will supply gas to the local industries, mainly to the ceramic industry.

In September 2007, CCNG has agreed with the government of Rugao to invest and operate piped gas business in Rugao city in Jiangsu. CCNG has agreed to invest, at first stage, RMB50 million on the Rugao gas project.

Save for the abovementioned acquisition and investments, the Group did not incur or commit other material investment or capital expenditure.

Financial Position

In January 2007, the Company had issued 360,000,000 shares under the placing agreement entered with SBI E-2 Capital Securities Limited ("SBI") in December 2006, and a net proceed of approximately HK$104 million was raised.

On 20 March 2007, the Company issued 400,000,000 shares as consideration shares to Sino Vantage under the Anhui CNG Acquisition.

On 23 May 2007, Mr. Xu entered into a placing agreement with SBI and the Company, and a subscription agreement with the Company for a top-up placing and subscription of 550,000,000 shares of the Company. The entire top-up placing and subscription of new shares was completed in June 2007, and the Company had issued 550,000,000 shares and raised a net proceed of approximately HK$640 million.

As at 30 June 2007, the Group has a cash and bank balance of approximately HK$861 million (2006: HK$165 million), and the Group had total borrowings of approximately HK$54 million (2006: HK$52.8 million).

The Group had convertible notes issued under the Nanjing CNG Acquisition ("Feb CN") and the Anhui CNG Acquisition ("Mar CN"). The Feb CN issued on 1 February 2007 in the principal amount of HK$66 million bearing an interest of 1% per annum with 2 years maturity and convertible into 275,000,000 shares of the Company at a conversion price of HK$0.24 each. The Mar CN issued on 20 March 2007 in the principal amount of HK$90 million bearing no interest with 2 years maturity and convertible into 375,000,000 shares of the Company at a conversion price of HK$0.24 each.

As at 30 June 2007, the Group had total assets of approximately HK$1,526 million (2006: HK$492.5 million), and current assets were approximately HK$999 million (2006: HK$306 million). Total liabilities of the Group was approximately HK$313 million, including the Feb CN and Mar CN amounted to HK$156 million (2006: HK$160 million), and current liabilities were approximately HK$114 million (2006: HK$119 million). The Group's gearing ratio, measured on the basis of total liabilities as a percentage of total equity, was 25.8% (2006: 48%). The current ratio of the Group was 8.7 (2006: 4.15) and the quick ratio was 8.6 (2006: 4).

Pledge of Assets

As at 30 June 2007, certain pipelines and the operation right of one of the gas operation in the PRC were pledged to secure a bank loan of approximately HK$10 million (2006: HK$10 million).

Contingent Liabilities

As at 30 June 2007, CCNG provided a financial guarantee on a loan granted to its associates to the extent of approximately HK$22.6 million (2006: HK$70 million).

Save for disclosed above, the Group did not have other significant contingent liabilities.

Foreign Exchange and Interest Rate Exposure

As the Group's sales are mostly based on Renminbi, and investments are mostly made in Hong Kong Dollar and Renminbi, having considered the exchange rate of the said currency is fairly stable, no foreign exchange and interest rate risk management or related hedges were made, where proper policy will be in place when the Board considers appropriate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities by the Company during the six months ended 30 June 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules, which came into effect on 1 January 2005.

During the six months ended 30 June 2007, the Company was in compliance with code provisions set out in the CG Code except that code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term. The non-executive Directors of the Company are not appointed for a specific term but are subject to the provision for retirement by rotation under the Bye-laws of the Company.

Save as the aforesaid and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code for the six months ended 30 June 2007.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The interim financial statements have been reviewed by the Audit Committee which comprises three independent non-executive Directors of the Company, namely Mr. Cheung Man Yau, Timothy (as chairman), Mr. Shi Xun-zhi and Mr. Peng Long.

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

Hong Kong, 24 September 2007

* *For identification purpose only*

As at the date of this announcement, the Board is comprised of four executive Directors, namely Mr. Xu Tie-liang, Mr. Qu Guo-hua, Mr. Zeng Xiao and Mr. Cheung Shing, and three independent non-executive Directors, namely, Mr. Cheung Man Yau, Timothy, Mr. Shi Xun-zhi and Mr. Peng Long.