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 2010

INTERIM RESULTS

The board (the "Board') of Directors (the "Directors") of China Oil And Gas Group Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2010 (the "Period").

The Unaudited Condensed Consolidated Financial Information for the Period have not been audited but have been reviewed by the Company's Audit Committee (the "Audit Committee").

CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January to 30 June 2010

	Notes	**Unaudited (6 months) 1.1-30.6.2010 *HK$'000***	Unaudited (6 months) 1.1-30.6.2009 *HK$'000*
Turnover	2	**1,101,951**	795,767
Other income and gains, net		**1,354**	35,138
Interest income		**3,990**	883
Purchases, services and others		**(790,317)**	(587,203)
Employee compensation costs		**(25,905)**	(22,679)
Depreciation and amortisation expenses		**(5,189)**	(8,796)
Interest expenses		**(10,381)**	(5,858)
Other expenses		**(30,407)**	(30,219)
Profit before taxation	3	**245,096**	177,033
Taxation	4	**(50,531)**	(25,875)
Profit for the period		**194,565**	151,158
Other comprehensive income:			
Exchange differences on translation of foreign operations		**(75)**	(1,439)
Other comprehensive expense for the period, net of tax		**(75)**	(1,439)
Total comprehensive income for the period		**194,490**	149,719
Profit attributable to:			
Equity holders of the Company		**87,786**	79,800
Non-controlling interests		**106,779**	71,358
		194,565	151,158
Total comprehensive income attributable to:			
Equity holders of the Company		**87,711**	78,361
Non-controlling interests		**106,779**	71,358
		194,490	149,719
Earnings per share			
– Basic	5	**1.794 cents**	1.758 cents
– Diluted		**1.771 cents**	–

CONSOLIDATED INTERIM CONDENSED BALANCE SHEET

At 30 June 2010

	Notes	Unaudited At 30.6.2010 HK$'000	Audited At 31.12.2009 HK$'000
Non-current assets			
Property, plant and equipment		**1,206,902**	1,213,519
Leasehold land and land use rights		**70,410**	72,095
Goodwill		**627,068**	627,068
Other intangible assets		**5,080**	5,127
Interest in an associate		**2,250**	2,461
Available-for-sale financial assets		**2,155**	452
Total non-current assets		**1,913,865**	1,920,722
Current assets			
Inventories		**51,158**	54,040
Financial assets at fair value through profit or loss		**216,721**	57,537
Deposits, trade and other receivables	7	**568,395**	262,603
Cash and cash equivalents		**1,186,391**	1,069,717
Total current assets		**2,022,665**	1,443,897
Current liabilities			
Trade and other payables	8	**595,931**	727,109
Bank and other borrowings		**263,670**	338,540
Current tax payable		**645**	14,225
Total current liabilities		**860,246**	1,079,874
Net current assets		**1,162,419**	364,023
Total assets less current liabilities		**3,076,284**	2,284,745
Non-current liabilities			
Bank and other borrowings		**52,739**	51,592
Deferred tax liabilities		**20,068**	10,405
Total non-current liabilities		**72,807**	61,997
Net assets		**3,003,477**	2,222,748
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital		**49,509**	44,579
Reserves		**2,272,395**	1,587,493
		2,321,904	1,632,072
Non-controlling interests		**681,573**	590,676
Total equity		**3,003,477**	2,222,748

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PREPARATION

The Unaudited Condensed Consolidated Interim Financial Information of the Group have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and 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").

These Unaudited Condensed Consolidated Interim Financial Information have been prepared under the historical cost convention, as modified by revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The Unaudited Condensed Consolidated Interim Financial Information presented herein should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the annual report of the Group for the year ended 31 December 2009.

Except as described below, the accounting policies and methods of computation applied in the preparation of the Unaudited Consolidated Interim Condensed Financial Information are consistent with those of the Consolidated Financial Statements for the year ended 31 December 2009.

The following new/revised standards are mandatory for the first time for the financial year beginning 1 January 2010:

HKFRS 2 Amendments clarify its scope and the accounting for group companies' cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transactions. The amendments are unlikely to have any financial impact on the Group.

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. These changes, include, but are not limited to (i) introducing an option to measure non-controlling interests at fair value; (ii) recognising gains or losses from remeasuring to the fair value the interest in the acquiree held by the entity immediately before the business combination, in a step acquisition; (iii) expensing acquisition costs as incurred; (iv) recognising the fair value of contingent considerations at the acquisition date with subsequent changes generally reflected in the income statement; and (v) separately accounting for pre-existing relationships between the acquirer and acquiree. The amendments are unlikely to have any financial impact on the Group.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments are made to HKAS 7 Statement of Cash Flows, HKAS 12 Income Taxes, HKAS 21 The Effects of Changes in Foreign Exchange Rate, HKAS 28 Investments in Associates and HKAS 31 Interests in Joint Ventures. The amendments are unlikely to have any financial impact on the Group.

The following new and revised standards, amendments and interpretations have been issued but are not yet effective for the financial year beginning 1 January 2010 and have not been early adopted:

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 July 2010
HKAS 24 (Revised) Related Party Disclosure	1 January 2011
HK(IFRIC)-Int 14 Amendment Prepayment of a Minimum Funding Requirement	1 January 2011
HK(IFRIC)-Int 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2013

Apart from the above, the HKICPA has also issued Improvements to HKFRSs 2010 which set out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendments to HKFRS 3 and HKAS 27 which are effective for the annual periods beginning on or after 1 July 2010, other amendments are effective for annual periods beginning on or after 1 January 2011 although there is separate transitional provision for each standard or interpretation.

Management is in the process of making an assessment of the impact of these new and revised standards, amendments and interpretations and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial positions.

(2) SEGMENT INFORMATION

The Group's executive directors are the chief operating decision makers as they collectively make strategic decisions on resources allocation and performance assessment. The Group is principally engaged in sales of natural gas and gas pipeline construction and connection in the PRC. Nearly all identifiable assets of the Group are located in PRC. Information reported to the Group's executive directors for the purpose of resources allocation and assessment of performance focuses on the type of products or services. Each type of product or service is managed by an unique business unit within the Group whose performance is assessed independently. The Group's operating segments under HKFRS 8 are therefore as follows:

– sales and distribution of natural gas and other related products

– gas pipeline construction and connection

The following is an analysis of the Group's turnover and results by operating segment for the periods under review:

Segment information about these businesses is presented below:

Income statement for the period ended 30 June 2010 and 30 June 2009

Business segments

For the period ended 30 June 2010:

	Sales and distribution of natural gas and other related products *HK$'000*	Gas pipeline construction and connection *HK$'000*	Group *HK$'000*
Segment revenue and results			
Sales to external customers	**945,725**	**156,226**	**1,101,951**
Segment results	**214,726**	**96,909**	**311,635**
Interest income			**3,990**
Loss on disposal of financial assets at fair value through profit or loss			**(169)**
Fair value gains on financial assets at fair value through profit or loss			**372**
Finance costs			**(10,381)**
Unallocated corporate expenses			**(60,351)**
Profit before taxation			**245,096**
Taxation			**(50,531)**
Profit for the period			**194,565**

For the period ended 30 June 2009:

	Sales and distribution of natural gas and other related products *HK$'000*	Gas pipeline construction and connection *HK$'000*	Group *HK$'000*
Segment revenue and results			
Sales to external customers	736,485	59,282	795,767
Segment results	173,020	35,544	208,564
Interest income			883
Fair value gains on financial assets at fair value through profit or loss			25,116
Finance costs			(5,858)
Unallocated corporate expenses			(51,672)
Profit before taxation			177,033
Taxation			(25,875)
Profit for the period			151,158

(3) PROFIT BEFORE TAXATION

	Unaudited (6 months) 1.1-30.6.2010 ***HK$'000***	Unaudited (6 months) 1.1-30.6.2009 *HK$'000*
Loss on disposal of financial assets at fair value through profit or loss	**169**	315
Fair value losses on financial assets at fair value through profit or loss	**–**	789
Loss on exchange	**1,033**	–

(4) TAXATION

Pursuant to the income tax rules and regulations of the PRC, provision for PRC enterprise income tax is calculated based on a statutory rate of 25% (2009: 25%) of the assessable profits for the companies within the Group, except for certain subsidiaries in the PRC which are entitled to exemption from PRC enterprise income tax for the first two years commencing from their first profit-making year of operation and thereafter, these subsidiaries will be entitled to a 50% relief from PRC enterprise income tax for the following three years. PRC enterprise income tax has been provided for after taking these tax incentives into account.

No provision for Hong Kong profits tax has been made for those companies subject to Hong Kong profits tax within the Group as these subsidiaries did not have any assessable profit for the period (2009: Nil).

	Unaudited (6 months) 1.1-30.6.2010 ***HK$'000***	Unaudited (6 months) 1.1-30.6.2009 *HK$'000*
Current tax and taxation charge for the period:		
Taxation outside Hong Kong	**50,531**	25,875

(5) EARNINGS PER SHARE

(a) Basic earnings per share

	Unaudited (6 months) 1.1-30.6.2010 ***HK Cents per share***	Unaudited (6 months) 1.1-30.6.2009 *HK Cents per share*
Basic earnings per share	**1.794**	1.758

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Unaudited (6 months) 1.1-30.6.2010 ***HK$'000***	Unaudited (6 months) 1.1-30.6.2009 *HK$'000*
Profit for the period attributable to equity holders of the Company	**87,711**	78,361
Earnings used in the calculation of basic earnings per share	**87,711**	78,361
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**4,890,242,953**	4,457,856,213

(b) Diluted earnings per share

	HK Cents per share	*HK Cents per share*
Diluted earnings per share	**1.771**	N/A

The calculation of the diluted earnings per share for the period is based on the profit attributable to equity holders of the Company of HK$87,711,000 and the weighted average number of 4,952,278,706 shares which is the weighted average number of shares in issue during the period plus the weighted average number of 62,035,753 shares deemed to be issued at no consideration if all outstanding options had been exercised.

	2010 ***HK$'000***
Profit for the period attributable to equity holders of the Company	**87,711**
Earnings used in the calculation of diluted earnings per share	**87,711**

	2010 **Number of shares**
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,890,242,953**
Effect of deemed issue of shares under the Company's share option schemes	**62,035,753**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,952,278,706**

Diluted earnings per share for the period ended 30 June 2009 was not presented as there were no potential dilutive ordinary shares outstanding during the period.

(6) DIVIDEND

No interim dividend was paid to shareholders during the period (2009: Nil).

(7) DEPOSITS, TRADE AND OTHER RECEIVABLES

Included in deposits, trade and other receivables are trade receivables with the following ageing analysis:

	Unaudited **At 30.6.2010** ***HK$'000***	Audited At 31.12.2009 *HK$'000*
Current to 90 days	**38,064**	31,232
91-180 days	**6,126**	1,629
Over 180 days	**44,729**	44,596
	88,919	77,457

(8) TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following ageing analysis:

	Unaudited At 30.6.2010 ***HK$'000***	Audited At 31.12.2009 *HK$'000*
Current to 90 days	**58,983**	71,498
91-180 days	**39,963**	23,731
Over 180 days	**41,335**	37,082
	140,281	132,311

(9) POST BALANCE SHEET EVENTS

On 16 July 2010, a wholly-owned subsidiary of the Company entered into a natural gas utilization cooperation agreement with Jiangxi Pingxiang City People's Government (江西省萍鄉市人民政府) ("Pingxiang Government"), pursuant to which Pingxiang Government agreed the Group, on top of the existing investment and construction of gas project in Pingxiang City Economic Development Zone, to fully access to the investment in and development of natural gas integrated utilization business in Pingxiang City, Jiangxi Province of the PRC (including all districts and counties) and the related natural gas station business.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2010 (30 June 2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in investments in, and the operation and management of the natural gas and energy related business. Gas operations of the Group include piped city gas business, CNG stations business, LNG business, pipeline design and construction, gas transportation and logistics service in the PRC.

Business Review

As of 30 June 2010, the Group has established 49 project companies in 24 cities, 5 key areas in 9 provinces in China, and owns 24 city gas franchise operation rights.

By stretching on the 5 key areas of the Group's strategy, market development is the major task the Group focused on since the beginning of 2010. Stepping into 2010, the Group has successfully entered into an exclusive strategic co-operation agreement with PetroChina Coalbed Methane Co., Ltd. (中石油煤層氣有限公司) ("PetroChina CBM"), acquired 60% equity interest of Yinchuan Yongning Natural Gas Company Limited, entered into an cooperation framework agreement with CNPC Kunlun Natural Gas Exploitation Company Limited (中石油昆崙天然氣利用有限公司) and none but not least, entered into a natural gas utilization cooperation agreement with Pingxiang Government. During the first half of 2010, the Group has newly developed approximately 19,000 residential households, 70 industrial users, over 300 commercial users, and a few of the piped-natural-gas franchise rights were allowed to extend into nearby cities and counties. By quantifying the market development, it has been multiplied by five times by comparing to the corresponding period of last year (the "Last Period"). Development of new markets and expending our original markets will continuously be the highlight of the Group for the remaining of 2010.

Financial Results

For the six months ended 30 June 2010 (the "Period"), the Group recorded a turnover of HK$1,101,951,000, representing an increase of approximately 38% as compared to the Last Period's HK$795,767,000. The Group's cost of sales was HK$790,317,000 (2009: HK$587,203,000) representing an increase of approximately 36%. Gross profit amounted to HK$311,634,000 (2009: HK$208,564,000) increased by approximately 49%. Profit for the Period was HK$194,565,000 (2009: HK$151,158,000) and the Group's profit attributable to the shareholders was HK$87,786,000 (2009: HK$79,800,000), recorded an increase of 29% and 10% respectively, as compared to the Last Period. Basic earnings per share were 1.794 cents and 1.758 cents for both periods, respectively.

The 2% increase of the gross profit ratio was mainly due to a 28% increase of sales of natural gas and a 164% increase of connection fee income received during the Period. Through the past few years, the Group continuously invests in PRC's integrated natural gas businesses. Even though some of these investments were building from the very beginning, but the harsh time has been gradually through and harvest time begins. During the first half of 2010, the Group has successfully developed a few residential districts. As an effect, the Group's construction and connection income sharply increases from 7% of the total turnover to the current Period's 14%. Last Period's profit attributable to shareholders of the Group included unrealized profit from financial assets of HK$25.116 million. Such an unrealized income has no contribution to the Group for the Period. After the elimination of this one-off income for the Last Period, the profit attributable to shareholders increased by 61%.

During the Period, the Group's total gas sales and transmission volume reached 1,183 million cubic meters (m^3), recorded an overall increase of 33% as compared to 887 million m^3 for the Last Period. Total gas sales increased by 41% from Last Period's 471 million m^3 to current period's 662 million m^3; whereas 24% (2009: 22%) was from commercial consumption; 48% (2009: 52%) was from industrial consumption; 12% (2009: 11%) was from household consumption; 16% (2009: 15%) was from CNG stations.

Liquidity and Financial Resources

Financial Position

The Group remained at a strong financial position. As at 30 June 2010, the Group had cash and cash equivalents of approximately HK$1,186,391,000 (31 December 2009: HK$1,069,717,000). The Group's total borrowings amounted to HK$316,409,000 (31 December 2009: HK$390,132,000), representing bank borrowings and loans made for the gas operations in the PRC under China City Natural Gas Co., Ltd. ("CCNG"), a decrease of approximately 19%, as compared to 31 December 2009.

As at 30 June 2010, the Group had total assets of HK$3,936,530,000 (31 December 2009: 3,364,619,000), and among which current asset were HK$2,022,665,000 (31 December 2009: HK$1,443,897,000). Total liabilities of the Group was HK$933,053,000 (31 December 2009: HK$1,141,871,000), and among which current liabilities were HK$860,246,000 (31 December 2009: HK$1,079,874,000). The gearing ratio of the Group, measured on the basis of total liabilities as a percentage of total equity, was 31% (2009: 51%). The current ratio of the Group was 2.35 (2009: 1.34) and quick ratio was 2.29 (2009: 1.29). This reflects the fact that the Group has a sound financial position, comparatively low gearing ratio and sufficient cash, which enables the Group to be fully prepared for the capital requirements for its future business expansion.

Shareholding Structure

On 26 January 2010, the Company entered into a placing and subscription agreement with Deutsche Bank Hong Kong Branch for the issue of 500,000,000 shares and raised net proceeds of approximately HK$606,000,000.

As at 30 June 2010, the issued share capital of the Company was HK$49,508,562.13 divided into 4,950,856,213 shares of HK$0.01 each.

Purchase, Redemption or Sale of Listed Securities of the Company

During six months ended 30 June 2010, the Company repurchased 7,000,000 shares of HK$0.01 each in the capital of the Company at prices ranging from HK$0.86 to HK$0.89 per share on The Stock Exchange of Hong Kong Limited. Details of the repurchases are as follows:

Month/Year	Number of shares repurchased	Purchase price per share Highest	Purchase price per share Lowest	Aggregate purchase consideration
		HK$	*HK$*	*HK$*
May 2010	7,000,000	0.89	0.86	6,077,600
Total	7,000,000			6,077,600

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2010.

Capital Investments and Commitments

During the Period, the Group did not incur or commit any material investment or capital expenditure.

Employees and Remuneration Policy

As at 30 June 2010, the Group employed a total workforce of approximately 1,450 (2009: 1,280). 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.

Pledge of Assets

As at 30 June 2010, no asset of the Group has been pledged (2009: Nil).

Contingent Liabilities

As at 30 June 2010, the Group did not have any significant contingent liabilities (2009: Nil).

Currency and Interest Rate Exposure

The Group's sales are denominated in Renminbi, and investments are mostly made in Hong Kong Dollars. The Group does not anticipate material currency exposure and risk, and no currency and interest rate risk management or related hedges were made. Proper policy will be in place when the Board considers appropriate.

Litigation

As at 30 June 2010, the Group has no litigation.

PROSPECTS

As a part of the Group's strategic plans in the future, we emphasize on the natural gas branch lines' construction for stable transmission revenue and to magnify the demand for natural gas by the markets along the branch lines. We expected the first phase of Taizhou-Jiangyan-Dainan branch line will be ready by the end of October 2010, Anyi-Nanchang and Nantong Rugao-Haian branch lines will be ready by the end of the year. Meanwhile, the Group will seek to secure the construction of Yuedong branch line in order to facilitate the Chaozhou project.

With respect to the Coal-Bed-Methane (CBM) project, the collection of those loose CBM to produce CNG will be expected to operate by the end of October 2010. The Group will continue to operate in harmony with PetroChina CBM Company and once the schedule of CBM can be confirmed, the two LNG factories will be ready to construct.

On 1 June 2010, the PRC government raised the cost of natural gas throughout the country. Up to the date of this announcement, the Group have received documents from almost all of the local governments for the approval of increase of the sale prices, and luckily the effect is at its minimal. Under the leadership of our outstanding management and operational teams, they stayed calm but at the same time act quick and efficient as they communicated with the local government in the first place. This is the major reason for the pass-through been done so quick and successfully.

Subsequent to the balance sheet date, a wholly-owned subsidiary of the Group entered into a natural gas utilization cooperation agreement with Pingxiang Government, pursuant to which the Group would cooperate with the local gas company for the formation of a joint venture company as soon as possible in the second half of this year so as to get ready to supply clean natural gas for over 10 thousand households in Pingxiang City before the end of this year.

Furthermore, the Group has entered into agreements with Binzhou High & New Technology Industrial Development Zone and Binbei Industrial Park of Binzhou City, with the total investment to be approximately RMB70 million and RMB50 million respectively. In addition to obtaining operating right in the above areas, the Group estimates that the gas consumption of these two areas will amount to over 60 million cubic metres and 10 million cubic metres before 2015.

Besides the above mentioned investment projects, the Group is actively considering various projects in hand. For the remaining for 2010, our Group will persist to work on market development and aim at moving towards the upstream of oil and gas as we consider these resources the most valuable assets of our country. Meanwhile, we will strengthen our management's skill level and enhance our communication with our whole workforce in order to demonstrate the culture of our Group: Integrity, Rewards, Excellency and Harmony.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the Period.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "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 2010, the Company was in compliance with the code provisions set out in the CG Code except for the deviations from code provisions A.2.1 and A.4.1.

Code provision A.2.1. of the CG Code provides that the responsibilities between chairman and chief executive officer should be divided. Mr. Xu Tie-liang, being the Chairman and the chief executive officer of the Company. The Board believes that vesting the roles of both Chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Code provision A.4.1. of the CG Code provides that non-executive Directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors (except Mr. Wang Guangtian) are not appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with 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 during the six months ended 30 June 2010.

AUDIT COMMITTEE

The Company has an Audit Committee which comprises four independent non-executive Directors of the Company, namely Mr. Li Yunlong (as chairman), Mr. Shi Xun-zhi, Mr. Peng Long and Mr. Wang Guangtian and was established in accordance with the requirements of the CG 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.

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

Hong Kong, 20 August 2010

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Xu Tie-liang (Chairman and Chief Executive Officer) and Mr. Cheung Shing; and four independent non-executive Directors, namely Mr. Li Yunlong, Mr. Shi Xun-zhi, Mr. Peng Long and Mr. Wang Guangtian.

* *For identification purpose only*