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**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)**

**ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

<b>FINANCIAL AND OPERATIONAL HIGHLIGHTS OF THE GROUP</b>			
<b>FINANCIAL HIGHLIGHTS</b>	<b>2024</b>	<b>2023</b>	<b>Change</b>
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>%</i>
Revenue	<b>17,655</b>	18,528	-4.7%
Gross profit	<b>2,184</b>	1,971	+10.8%
Gross profit margin (%)	<b>12.4%</b>	10.6%	+1.8%
<b>OPERATION HIGHLIGHTS</b>	<i>Million m<sup>3</sup></i>	<i>Million m<sup>3</sup></i>	
Total Gas Sales and Transmission Volume	<b>7,229</b>	7,008	+3.2%
— Gas Sales Volume	<b>4,584</b>	4,575	+0.2%
— Transmission Volume	<b>2,645</b>	2,433	+8.7%

## ANNUAL RESULTS

The board (the “**Board**”) of Directors (the “**Directors**”) of China Oil And Gas Group Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2024 together with the relevant comparative figures.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2024*

		<b>2024</b>	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	<b>17,655,191</b>	18,527,804
Cost of sales		<b>(15,471,598)</b>	(16,556,680)
Gross profit		<b>2,183,593</b>	1,971,124
Other income		<b>44,963</b>	61,640
Other (losses)/gains, net		<b>(14,212)</b>	2,384
Selling and distribution costs		<b>(93,371)</b>	(85,630)
Administrative expenses		<b>(554,314)</b>	(703,656)
Net impairment losses on financial and contract assets		<b>(210,953)</b>	(201,111)
Operating profit		<b>1,355,706</b>	1,044,751
Net impairment losses on investments in associates		<b>(91,365)</b>	(140,650)
Finance income		<b>194,121</b>	214,654
Finance costs		<b>(464,812)</b>	(432,757)
Share of profits of investments accounted for using the equity method		<b>26,002</b>	34,541
Profit before taxation	4	<b>1,019,652</b>	720,539
Taxation	5	<b>(318,490)</b>	(340,385)
Profit for the year		<b>701,162</b>	380,154

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		<b>(535,483)</b>	(254,600)
Change in value of debt investments at fair value through other comprehensive income		<b>4,873</b>	(18,908)
<i>Item that will not be reclassified to profit or loss</i>			
Change in value of equity investments at fair value through other comprehensive income		<u><b>(10,121)</b></u>	<u>(15,095)</u>
Other comprehensive income for the year, net of tax		<u><b>(540,731)</b></u>	<u>(288,603)</u>
Total comprehensive income for the year		<u><b>160,431</b></u>	<u>91,551</u>
Profit/(loss) attributable to:			
Owners of the Company		<b>180,771</b>	(232,496)
Non-controlling interests		<u><b>520,391</b></u>	<u>612,650</u>
		<u><b>701,162</b></u>	<u>380,154</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		<b>(161,034)</b>	(393,014)
Non-controlling interests		<u><b>321,465</b></u>	<u>484,565</u>
		<u><b>160,431</b></u>	<u>91,551</u>
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company for the year	7		
— Basic ( <i>HK cents</i> )		<b>3.5</b>	(4.5)
— Diluted ( <i>HK cents</i> )		<u><b>3.5</b></u>	<u>(4.5)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	31 December 2024	31 December 2023
Note	HK\$'000	HK\$'000
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties	128,942	131,602
Property, plant and equipment	9,607,396	10,126,358
Right-of-use assets	412,511	513,585
Exploration and evaluation assets	59,645	107,484
Intangible assets	1,017,721	1,018,138
Investments accounted for using the equity method	1,496,660	1,633,245
Financial assets at fair value through other comprehensive income ("FVOCI")	178,182	186,007
Other non-current assets	1,234,929	1,243,673
Deferred tax assets	44,865	45,176
	<b>14,180,851</b>	<b>15,005,268</b>
<b>Current assets</b>		
Inventories	293,717	594,831
Contract assets, deposits, trade and other receivables	8 1,868,086	1,988,960
Current tax recoverable	5,599	6,106
Time deposits with maturity over three months	1,782,324	1,150,475
Cash and cash equivalents	2,565,505	2,095,411
	<b>6,515,231</b>	<b>5,835,783</b>
<b>Total assets</b>	<b>20,696,082</b>	<b>20,841,051</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	9 1,422,322	1,870,571
Contract liabilities	2,731,354	2,899,198
Short-term borrowings	1,079,502	3,664,790
Current tax payable	191,668	185,911
Lease liabilities	7,484	11,070
	<b>5,432,330</b>	<b>8,631,540</b>

	<b>31 December 2024</b>	31 December 2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>		
Senior notes	<b>2,879,980</b>	2,999,366
Long-term borrowings	<b>4,582,785</b>	1,047,541
Lease liabilities	<b>25,548</b>	28,442
Deferred tax liabilities	<b>390,726</b>	427,319
Assets retirement obligation	<b>173,126</b>	144,901
	<u><b>8,052,165</b></u>	<u>4,647,569</u>
<b>Total liabilities</b>	<u><b>13,484,495</b></u>	<u>13,279,109</u>
<b>Equity</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	<b>56,368</b>	56,368
Reserves	<b>3,600,814</b>	3,761,848
	<u><b>3,657,182</b></u>	<u>3,818,216</u>
Non-controlling interests	<u><b>3,554,405</b></u>	<u>3,743,726</u>
<b>Total equity</b>	<u><b>7,211,587</b></u>	<u>7,561,942</u>
<b>Total equity and liabilities</b>	<u><b>20,696,082</b></u>	<u>20,841,051</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 General information

China Oil And Gas Group Limited (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is at Suite 2805, 28th Floor, Sino Plaza, 255–257 Gloucester Road, Causeway Bay, Hong Kong. The Company is an investment holding company. Its subsidiaries are principally engaging in investment in energy related business in various regions in the People’s Republic of China (“**PRC**”) and West Central Alberta, Canada, including but not limited to 1) piped city gas business, pipeline design and construction; 2) transportation, distribution and sales of compressed natural gas (“**CNG**”) and liquefied natural gas (“**LNG**”); 3) development, production and sale of oil and gas and other upstream production and sales of coal-derived clean energy and other related products; and 4) comprehensive energy and customer value-added services. The Company and its subsidiaries are collectively referred to as the “**Group**”.

These financial statements are presented in Hong Kong dollars, unless otherwise stated.

## 2 Basis of preparation

The financial information set out in this announcement does not constitute the consolidated financial statements of the Group for the year ended 31 December 2024, but is extracted from those consolidated financial statements.

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at fair value through other comprehensive income, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) *Changes in accounting policy and disclosures*

The Group has adopted the following amendments to standards and accounting guideline which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 January 2024:

Amendments to HKAS 1	Presentation of financial statements — Classification of liabilities as current or non-current (“ <b>2020 amendments</b> ”)
Amendments to HKAS 1	Presentation of financial statements — Non-current liabilities with covenants (“ <b>2022 amendments</b> ”)
Amendments to HKFRS 16	Leases — Lease liability in a sale and leaseback
Amendments to HKAS 7	Statement of cash flows
Amendments to HKFRS 7	Financial instruments: Disclosures — Supplier finance arrangements

The amendments to standards and accounting guideline listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) *New standard and amendments to standards not yet adopted*

The following are new standard and amendments to standards that have been issued but are not effective for the financial year ended 31 December 2024 and have not been early adopted.

		Effective for accounting year beginning on or after
Amendments to HKAS 21	The effects of changes in foreign exchange rates — Lack of exchange ability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Financial instruments, and Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRSs — Volume 11		1 January 2026
HKFRS 18	Presentation and disclosure in financial statements	1 January 2027
HKFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

### 3 Revenue and segment information

The Group's principal activities are the sales and distribution of natural gas, crude oil and other related products, provision of construction and connection services of gas pipelines and production and sales at coal derived clean energy and other related products in the PRC, and the exploitation and production of crude oil and natural gas in Canada. Revenue for the year comprises the following:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Sales and distribution of natural gas and other related products	<b>14,021,865</b>	14,096,140
Gas pipeline connection and construction services income	<b>532,338</b>	1,145,077
Exploitation and production of crude oil and natural gas	<b>462,240</b>	501,798
Production and sales of coal-derived clean energy and other related products	<b>2,638,748</b>	2,784,789
	<b><u>17,655,191</u></b>	<u>18,527,804</u>

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive Directors for the purposes of resource allocation and assessment of performance focuses more specifically on sales of natural gas, gas pipeline construction and connection; production and sales of coal derived clean energy and other related products and exploitation and production of crude oil and natural gas.

The Group has presented the following four reportable segments for the year ended 31 December 2024:

- sales and distribution of natural gas and other related products
- gas pipeline construction and connection
- exploitation and production of crude oil and natural gas
- production and sales of coal-derived clean energy and other related products

No operating segments have been aggregated to form the above reportable segments.



The executive Directors assess the performance of the business segments based on profit before taxation without allocation of other (losses)/gains, net, finance income, finance costs, share of profits of investments accounted for using the equity method, written off of exploration and evaluation assets, net impairment losses of financial and contract assets, net impairment losses on investments in associates and other unallocated corporate expenses, which is consistent with these in the consolidated financial statements. Meanwhile, the Group does not allocate assets and liabilities to its segments and report the sales from external customers by geographical market, as the executive directors do not use this information to allocate resources to or evaluate the performance of operating segment. Therefore, the Group does not report a measure of segment assets and liabilities for each reportable segment and a measure of sales by geographical market.

Information regarding the Group's reportable segments as provided to the executive Directors for the purpose of resources allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

For the year ended 31 December 2024:

	Sales and distribution of natural gas and other related products <i>HK\$'000</i>	Gas pipeline construction and connection <i>HK\$'000</i>	Exploitation and production of crude oil and natural gas <i>HK\$'000</i>	Production and sales of coal-derived clean energy and other related products <i>HK\$'000</i>	Group <i>HK\$'000</i>
<b>Segment revenue and results</b>					
Segment revenue					
Recognised at a point in time	14,021,865	—	462,240	2,638,748	17,122,853
Recognised over time	—	532,338	—	—	532,338
	<u>14,021,865</u>	<u>532,338</u>	<u>462,240</u>	<u>2,638,748</u>	<u>17,655,191</u>
Sales to external customers					
	<u>14,021,865</u>	<u>532,338</u>	<u>462,240</u>	<u>2,638,748</u>	<u>17,655,191</u>
Segment results	<u>1,522,123</u>	<u>179,160</u>	<u>150,536</u>	<u>110,457</u>	1,962,276
Finance income					194,121
Other losses, net					(14,212)
Finance costs					(464,812)
Net impairment losses on financial and contract assets					(210,953)
Net impairment losses on investments in associates					(91,365)
Written off of exploration and evaluation assets					(10,676)
Share of profits of investments accounted for using the equity method					26,002
Unallocated corporate expenses					<u>(370,729)</u>
Profit before taxation					1,019,652
Taxation					<u>(318,490)</u>
Profit for the year					<u>701,162</u>

For the year ended 31 December 2023:

	Sales and distribution of natural gas and other related products <i>HK\$'000</i>	Gas pipeline construction and connection <i>HK\$'000</i>	Exploitation and production of crude oil and natural gas <i>HK\$'000</i>	Production and sales of coal-derived clean energy and other related products <i>HK\$'000</i>	Group <i>HK\$'000</i>
<b>Segment revenue and results</b>					
Segment revenue					
Recognised at a point in time	14,096,140	—	501,798	2,784,789	17,382,727
Recognised over time	—	1,145,077	—	—	1,145,077
	<u>14,096,140</u>	<u>1,145,077</u>	<u>501,798</u>	<u>2,784,789</u>	<u>18,527,804</u>
Sales to external customers	14,096,140	1,145,077	501,798	2,784,789	18,527,804
	<u>14,096,140</u>	<u>1,145,077</u>	<u>501,798</u>	<u>2,784,789</u>	<u>18,527,804</u>
Segment results	<u>1,169,160</u>	<u>432,504</u>	<u>175,552</u>	<u>(148,376)</u>	1,628,840
Finance income					214,654
Other gains, net					2,384
Finance costs					(432,757)
Net impairment losses on financial and contract assets					(201,111)
Net impairment losses on investment in an associate					(140,650)
Written off of exploration and evaluation assets					(2,935)
Share of profits of investments accounted for using the equity method					34,541
Unallocated corporate expenses					<u>(382,427)</u>
Profit before taxation					720,539
Taxation					<u>(340,385)</u>
Profit for the year					<u>380,154</u>

*Note:*

No external customers of the Group contributed over 10% of the Group's revenue for the years ended 31 December 2024 and 2023.

#### 4 Profit before taxation

Profit before taxation has been arrived after charging/(crediting) the following items:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Employee benefit expenses	<b>534,445</b>	533,778
Cost of inventories recognised as expense	<b>14,614,790</b>	14,305,302
Auditor's remuneration		
— Audit services	<b>4,588</b>	4,500
— Tax services	<b>203</b>	—
— Other services	<b>—</b>	—
Depreciation and depletion of property, plant and equipment	<b>705,688</b>	690,986
Depreciation of right-of-use assets	<b>25,384</b>	24,288
Amortisation of intangible assets	<b>10,279</b>	8,722
Short term lease expenses	<b>2,960</b>	4,704
Losses/(gains) on disposals of property, plant and equipment	<b>17,253</b>	(4,469)
Net impairment losses on financial and contract assets	<b>210,953</b>	201,111
Net impairment losses on investments in associates	<b>91,365</b>	140,650
Net exchange (gains)/losses	<b>(2,696)</b>	9,983
Written off of exploration and evaluation assets	<b>10,676</b>	2,935

#### 5 Taxation

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits subject to Hong Kong profits tax for the year (2023: Nil).

In accordance with the relevant PRC corporate income tax laws, regulations and implementation guidance note, subsidiaries in Mainland China are subject to the PRC corporate income tax rate at 25% (2023: 25%). Certain subsidiaries are entitled to tax concessions and tax relief whereby the profits of those subsidiaries are taxed at a preferential income tax rate of 15% (2023: 15%).

Canada income tax has been provided for at the rate of 23% on the estimated assessable profits for the year (2023: 23%), which represented the tax rate in Alberta, Canada and the Canada's federal tax rate of 8% (2023: 8%) and 15% (2023: 15%) respectively.

Taxation on other overseas profits has been calculated on the estimated assessable profit for the year at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

There is no tax impact relating to components of other comprehensive income for the year ended 31 December 2024 (2023: Nil).

## **6 Dividend**

The Board has decided not to propose final dividend for the year ended 31 December 2024 (2023: Nil).

## 7 Earnings/(Loss) per share

### *Basic*

The calculation of basic earnings per share was based on the profit attributable to owners of the Company of HK\$180,771,000 (2023: loss of HK\$232,496,000) divided by the weighted average of ordinary shares of 5,199,374,613 shares (2023: 5,199,374,613 shares) in issue during the year.

Weighted average number of ordinary shares:

	2024	2023
Issued ordinary shares at 31 December	<b>5,636,803,834</b>	5,636,803,834
Effect of shares held under share option and award schemes	<u>(437,429,221)</u>	<u>(437,429,221)</u>
Weighted average number of ordinary shares at 31 December	<b><u>5,199,374,613</u></b>	<b><u>5,199,374,613</u></b>

### *Diluted*

Diluted earnings/(losses) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, which is share options granted and not exercised. The diluted earnings/(losses) per share is equal to the basic earnings/(losses) per share for the year ended 31 December 2024 (2023: same) because the exercise price of the share options granted and not exercised was higher than the average share price of the Company.

## 8 Contract assets, deposits, trade and other receivables

As at 31 December 2024, trade receivables, net of loss allowance, included under this balance amounted to HK\$675,711,000 (2023: HK\$639,015,000).

The Group allows an average credit period ranging from 60 to 90 days to its trade customers and keeps monitoring its outstanding trade receivables. Overdue balances are regularly reviewed by senior management of the Group.

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	<b>698,767</b>	656,996
Less: Loss allowance	<b>(23,056)</b>	(17,981)
Trade receivables, net	<b><u>675,711</u></b>	<b><u>639,015</u></b>

The ageing analysis of gross trade receivables based on invoice date is as follows:

	<b>31 December</b> <b>2024</b> <i>HK\$'000</i>	31 December 2023 <i>HK\$'000</i>
Up to 3 months	<b>309,474</b>	373,604
3 to 6 months	<b>73,726</b>	55,774
Over 6 months	<b>315,567</b>	227,618
Total	<b><u>698,767</u></b>	<b><u>656,996</u></b>

## 9 Trade and other payables

As at 31 December 2024, included in trade and other payables is the balance of trade payables amounting to HK\$330,350,000 (31 December 2023: HK\$750,385,000).

The ageing analysis of trade payables based on invoice date is as follows:

	<b>31 December</b> <b>2024</b> <i>HK\$'000</i>	31 December 2023 <i>HK\$'000</i>
Up to 3 months	<b>197,927</b>	677,495
3 to 6 months	<b>85,464</b>	36,012
Over 6 months	<b>46,959</b>	36,878
Total	<b><u>330,350</u></b>	<b><u>750,385</u></b>

## CHAIRMAN’S STATEMENT

### BUSINESS REVIEW

In 2024, the Group achieved steady growth in operating results amid complex economic conditions, made significant progress in market development, and exceeded targets for all types of customer development, providing support for expanding market share and business growth. In the field of value-added services, we built the “Wisdom” brand, enriched product categories, improved the talent organization system, built a “moat,” expanded overseas channels, and contributed profits to the Group, becoming a new growth point.

In terms of corporate governance, the Group integrated resources, formulated solutions for key problems, and improved operational efficiency. The Group focused on the difficulties and pain points of abnormally operating enterprises, addressed shortcomings, refined plans, and promoted a number of enterprises to exceed their net profit targets, putting their operations back on track, and ensuring the healthy and stable development of the Group. In terms of marketing management, the Group optimized the overall allocation of resources, strengthened the three-tier coordination mechanism, increased the proportion of low-cost resource procurement, reduced the share of high-cost resources, and controlled the unit cost of gas purchase. We built a market data analysis database, improved the dimensions of natural gas sales data analysis, enhanced the level of targeted services, and strengthened market competitiveness.

Safety management was continuously strengthened, and the Group and its subsidiaries maintained stable production and operations throughout the year, with no major production safety accidents, successfully achieving the annual safety management objectives. Information technology construction was accelerated, achieving integrated management of marketing, customer service, and finance, improving management efficiency and level of refinement. The construction of a clean governance culture was further promoted, with the issuance of relevant management measures, clarification of integrity risks, the organisation of integrity activities in companies at all levels, and the purification of the development environment, providing guarantees for the healthy development of the Group.

Significant progress has been made in the construction of intelligent gas, and the Group and Shandong Shengli Co. Ltd. have basically achieved full coverage of SCADA and GIS systems, with functions such as real-time monitoring of stations, precise location of pipeline networks, online inspection management, and large-screen display of operations, which has improved production and operation efficiency and management level. Various companies have carried out the construction of intelligent terminals such as valve chamber leakage monitoring, pressure regulating box pressure and flow monitoring, and remote transmission of large meters for industrial and commercial users to meet the safety needs of gas operation, strengthen the gas consumption management of large accounts, and improve the level of intelligent operation in gas services.



## **CITY PIPELINE NATURAL GAS BUSINESS**

### **Sales and distribution of natural gas**

During the year, the Group's natural gas sales and transmission volume increased 3.2% as compared to last year.

The Group's natural gas sales volume recorded to be 4,584 million cubic meters for 2024 (2023: 4,575 million cubic meters), increased by 0.2% compared with the same period last year. Transmission volume was 2,645 million cubic meters, recorded a 8.7% rise as compared to the same period last year.

Consumption of residential users increased by 4.3% from last year's 984 million cubic meters to 1,026 million cubic meters; industrial and commercial users recorded 3,178 million cubic meters (2023: 3,160 million cubic meters), increased by 0.6% compared with the same period last year; gas consumption of gas stations recorded an decrease of 11.8% at current year's 380 million cubic meters from last year's 431 million cubic meters. Each of the above categories representing 22%, 69% and 9% of the total gas sales volume (2023: 22%, 69% and 9%), respectively.

### **Development of new users**

For 2024, the Group connected 86,344 (2023: 128,395) new residential users and the accumulated development of residential users were 2,128,280. Total connections for new industrial and commercial users were 1,511 (2023: 1,312) and the accumulated development of industrial and commercial users were 19,519.

## **EXPLOITATION AND PRODUCTION OF CRUDE OIL AND NATURAL GAS BUSINESS**

The Group continued the business of exploitation and production of light oil and natural gas in Canada. The Group's production in 2024 was 5,082 barrels of oil equivalent per day ("boe/d"), (2023: 5,469 boe/d).

Reference crude oil prices were 2.4% lower in 2024, with West Texas Intermediate averaging US\$75.72 per barrel compared with US\$77.62 per barrel in 2023. The Group realized a crude oil price of CAD93.62 per barrel in 2024 compared to CAD96.69 per barrel in 2023 with a year-on-year decrease of 3.2%. The Group achieved the average operating netback of CAD30.28 per barrel of oil equivalent, representing a decrease of 2.9% as compared with CAD31.19 per barrel of oil equivalent for the same period last year.

## **BUSINESS PROSPECTS**

In 2025, the Group will focus on the goal of “stabilizing growth and creating a second growth curve,” adhere to the concept of high-quality development, strengthen quality and efficiency improvement, enhance shareholder returns and cash flow management, make every effort to increase revenue and reduce expenditure, and comprehensively improve the level of operation and management. In terms of business objectives, the Group will efficiently integrate resources, deeply tap into customer value, stabilize the growth of its primary business, and promote the expansion of value-added services. In terms of market development, we will precisely plan the development goals for various types of users, expand heating services, and consolidate market share. In terms of marketing system development, we will initiate the establishment of a marketing management system, clarify marketing positioning, and build a development path and management structure with marketing management as the core. We will strengthen the three-level coordination mechanism for resource management, optimize resource paths, increase the proportion of high-quality resources, reduce sales and transportation costs, promote the construction of “resource pools,” and build a stable and diversified resource supply system.

In terms of value-added service development, we will standardize the customer service management system, build the “Five Unifications” China Oil and Gas customer service brand, enhance customer loyalty, precisely develop products and services, and drive the growth of the second curve with the high-quality development of the main business. By relying on a unified production, operation, and customer service platform, we will achieve the digital transformation of basic functions, build an “intelligent operation brain,” and enhance operational efficiency and customer experience.

In terms of intelligent gas infrastructure construction, we will deepen the application of SCADA and GIS systems, and enhance the efficiency and accuracy of functions such as real-time monitoring of stations, precise location of pipeline networks, online inspection management, and large-screen display of operations. Various companies will advance the construction of intelligent terminals such as valve chamber leakage monitoring, pressure regulating box pressure and flow monitoring, and remote transmission of large meters for industrial and commercial users to meet the safety needs of gas operation, strengthen the gas consumption management of large accounts, and improve the level of intelligent operation in gas services. We will formulate a digital upgrade plan and initiate its implementation. We will continue to develop financial co-ownership, achieve the integration of business and finance, promote the construction and promotion of customer service platforms, realize intelligent management of construction projects, strengthen the development of information security defense systems, and ensure the safe and stable operation of core systems.

The management will strengthen the customer-centric business philosophy, improve the communication system, maintain regular communication with customers, establish customer maintenance records, optimize the supplier team, expand supply channels, enhance supply stability and risk resistance, and create a good business environment. We will establish and improve the price-following linkage mechanism, and give full play to the synergistic efficiency of all levels. For project companies with high price-following linkage difficulties, we will set up a joint price-following linkage team to solve the pain points and difficulties of price linkage, remove linkage barriers, help improve project operations, and create values.

We will strive to improve management level, set up special task forces for business management issues, improve relevant systems, and carry out focused rectification of these issues. We will continue to advance the specialized tasks of improving business governance, enhancing the financial accounting system, perfecting the operational management mechanism, and strengthening value-driven investment evaluation. We will supervise and guide companies at all levels to improve their systems, carry out the “Three Fundamentals” Q&A education and training activities, standardize contract management, strengthen general purchase and sales difference management, promote R&D and innovation, and provide technical support for the Group’s long-term development.

We will strengthen asset management, comprehensively assess and dispose of inefficient and ineffective assets, strengthen the internal allocation of assets, and revitalize stagnant assets. We will build an asset management system, realize digital management of the entire life cycle of assets, establish a regular maintenance mechanism, and develop a performance indicator system for asset operation. We will pilot the introduction of gas pipeline simulation technology, to optimize pipeline construction plans, reduce investment costs, and improve the quality of asset operation. We will launch special research on improving asset efficiency to further optimize asset utilization.

We will strengthen the talent team, dynamically optimize the organizational structure, focus on key areas, promote the implementation of the “benchmarking” efforts in large regions, and enhance organizational effectiveness. We will identify and cultivate key positions and core talents based on strategic goals and talent needs, and improve the talent echelon development system. We will strengthen the selection, training, and management of senior executives, improve the assessment and evaluation mechanism, establish a succession system for senior executives, promote the institutionalization and standardization of talent exchange and appointment, and build a high-quality and professional cadre team. We will rationally control the scale of employment, optimize the talent structure, strengthen the training system, improve employees’ professional quality and ability to perform their duties, and provide a solid talent support for the Group’s high-quality development.

We will strengthen corporate culture development. The Group will uphold long-termism, meticulously craft the “15th Five-Year Plan” with a forward-looking vision and rigorous approach, charting a clear path for its future development. At the same time, we will accelerate the development of our main business, accurately capture opportunities of the times, and lay a solid foundation for the Group’s long-term development. The Group will vigorously promote its core values, deeply root the “spirit of ownership” in the hearts of employees, and embark on a new path of “five modernizations” with the responsibility of ownership. We will adhere to value creation, deeply participate in regional integration, and enhance competitiveness. Intelligent empowerment will drive a leap in new quality productive force. Diversified development will leverage the growth potential of the second curve. Internationalization will set sail, expanding the global landscape. We will practice green development, adhere to ecological priority, and inject impetus into sustainable development.

In 2025, the Group will adhere to the concept of high-quality development, focus on core goals, strengthen key initiatives, and comprehensively improve its operation and management level, striving to achieve sustainable development and become an outstanding modern energy enterprise.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

For the year ended 31 December 2024, the Group recorded revenue of HK\$17,655 million, representing a decrease of 4.7% from HK\$18,528 million for the year ended 31 December 2023.

The total revenue combined by four segments, namely (1) sales and distribution of natural gas and other related product, (2) gas pipeline construction and connection, (3) exploitation and production of crude oil and natural gas and (4) production and sales of coal-derived clean energy and other related products, amounted to HK\$14,022 million, HK\$532 million, HK\$462 million and HK\$2,639 million respectively (2023: HK\$14,096 million, HK\$1,145 million, HK\$502 million and HK\$2,785 million).

The Group’s overall gross profit amounted to HK\$2,184 million (2023: HK\$1,971 million), representing an increase of 10.8%; profit for the year attributable to the owners of the Company was HK\$181 million, turning from a loss to a profit compared to the last year. As at 31 December 2024, the Group has net impairment losses on financial and contract assets of HK\$211 million; net impairment on investment in associates of HK\$91 million. The Group counted the above as one-off items and these will not affect the ordinary operation and cash-flow of the Group.

Administrative expenses were HK\$554 million (2023: HK\$704 million), a decrease of 21.3% as compared to the same period last year, the proportion of administrative expenses to revenue decreased to 3.1% (2023: 3.8%) with selling and distribution costs recorded an increase of 9.0%.

Finance costs (net of capitalization) slightly increased from last year's HK\$433 million to HK\$465 million. The Group's weighted average cost of all indebtedness (including bank borrowings, other borrowings and senior notes) for the year ended 31 December 2024 was 5.6% (2023: 5.8%).

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

It is the Group's policy to use the cash flow generated from operations and appropriate level of borrowings as the principal source of fund to expand business. As at 31 December 2024, the Group's total indebtedness (including bank borrowings, other borrowings and senior notes) amounted to HK\$8,542 million (2023 : HK\$7,712 million).

As at 31 December 2024, the Group had cash and cash equivalents and time deposits with maturity over three months of HK\$4,348 million (2023 : HK\$3,246 million). Total assets were HK\$20,696 million (2023 : HK\$20,841 million), in which current assets were HK\$6,515 million (2023 : HK\$5,836 million). Total liabilities of the Group were HK\$13,484 million (2023 : HK\$13,279 million), in which current liabilities were HK\$5,432 million (2023 : HK\$8,632 million). The Group's net debt-to-assets ratio, measured on the basis of total indebtedness net of cash and term deposits, divided by total assets was 20.3% (2023 : 21.4%). The Group's financial and liquidity remain stable, and well prepared for the development in 2025.

## **SIGNIFICANT INVESTMENTS**

As at 31 December 2024, the Group did not have any significant investment held.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES**

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2024, the Group employed a total of 4,814 (2023: 4,798) full-time employees, most of whom were stationed in the PRC. Total staff cost for the year ended 31 December 2024 amounted to HK\$534 million (2023: HK\$534 million). The Group remunerates its employees based on their performance, working experience and the prevailing market wage level. The total remuneration of the employees consists of basic salary, cash bonus and share-based incentives. The Company has also adopted a share option scheme and a share award scheme.

## **PLEDGE OF ASSETS**

As at 31 December 2024, senior notes issued by the Company and the Bridge Loan Facilities were guaranteed by certain subsidiaries of the Company.

The Group's interests in 195,027,219 shares of 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 (“**Shandong Shengli**”) (stock code: 000407), being 22.16% of the entire share capital of Shandong Shengli, were pledged to a bank to secure the banking facilities granted to the Group.

Certain property, plant and equipments and intangible assets are pledged for bank borrowings of HK\$158 million.

## **CONTINGENT LIABILITIES**

The Group has no material contingent liability as at 31 December 2024.

## **FINANCIAL MANAGEMENT AND TREASURY POLICY**

The financial risk management of the Group is the responsibility of the Group's treasury function at the head office in Hong Kong. One of the major objectives of the Group's treasury policies is to manage its exposure to fluctuation in interest rates and foreign currency exchange rates. It is the Group's policy not to engage in speculative activities.

The Group conducts its business primarily in Renminbi. The Group's certain bank deposits are denominated in Hong Kong dollars, Renminbi and United States dollars, and the Group's offshore bank loans and senior notes are denominated in Renminbi, Canadian dollars and United States dollars.

Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations. The Group does not have a foreign currency hedging policy. However, the Group monitors its foreign currency exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting a significant foreign currency hedging policy in the future.

## **LITIGATION**

As at 31 December 2024, the Group has no material litigation.

## **CAPITAL STRUCTURE**

As at 31 December 2024, the issued share capital of the Company was HK\$56,368,038.34 divided into 5,636,803,834 shares of the Company with a nominal value of HK\$0.01 each.

## **EVENT AFTER THE REPORTING PERIOD**

There were no material events after the reporting period.

## **FINAL DIVIDEND**

The Board resolved not to recommend any final dividend for the year ended 31 December 2024 (2023: Nil).

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including the sale of treasury shares) during the year ended 31 December 2024.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors, the Company confirmed that all Directors have complied with the required standards set out in the Model Code throughout the year.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has all along committed to fulfilling its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures are established throughout the year ended 31 December 2024. The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the year ended 31 December 2024, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviations as explained below.

Code provision C.2.1 of the CG Code provides that the responsibilities between chairman and chief executive officer should be divided. Mr. Xu Tie-liang is 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 caliber individuals with sufficient number thereof being independent non-executive Directors.

Save as the aforesaid and in the opinion of the Directors, the Company has met all relevant code provisions as set out in the CG Code during the year ended 31 December 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the eligibility of the shareholders of the Company to attend and vote at the annual general meeting of the Company to be held on Friday, 30 May 2025 (the “**AGM**”), the register of members of the Company will be closed from Monday, 26 May 2025 to Friday, 30 May 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificate(s) 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 Friday, 23 May 2025.

## **AUDIT COMMITTEE**

The Company established the audit committee of the Company (the “**Audit Committee**”) in 1998 with written terms of reference in compliance with the CG Code, which is currently made available on the Stock Exchange's website and the Company's website.



The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor; to approve the remuneration and terms of engagement of the external auditor, to provide recommendations for any questions regarding the resignation or dismissal of such auditor; to review the interim and annual reports, and financial statements of the Group; to oversee the Company's financial reporting system including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and to review the risk management and internal control systems.

The Audit Committee comprises three independent non-executive Directors, namely Ms. Liu Zhihong (as chairman), Mr. Wang Guangtian and Mr. Yang Jie. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2024 and is of the opinion that such financial statements complied with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

## **SCOPE OF WORK OF INDEPENDENT AUDITOR**

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this results announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on this results announcement.

## **APPRECIATION**

On behalf of the Board, I would like to express my gratitude to all our staff for their dedication and hard work and to our shareholders for their continuous support.

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

Hong Kong, 21 March 2025

*As at the date of this announcement, the Board 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 Ms. Liu Zhihong, Mr. Wang Guangtian and Mr. Yang Jie.*

\* *for identification purposes only*