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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)**

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025**

### **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 2025 (the “**Period**”).

The unaudited condensed consolidated financial information for the Period has not been audited but has been reviewed by the Company’s audit committee (the “**Audit Committee**”).

### **DATA HIGHLIGHTS**

- The overall gross profit margin was maintained at 12% as compared with the last corresponding period;
- The profit margin for the Period was 7%, representing an increase of 1% as compared with the last corresponding period; and
- There were 31,062 new residential users and 541 new industrial and commercial users.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	7,889,768	9,292,107
Cost of sales		<u>(6,903,943)</u>	<u>(8,157,166)</u>
Gross profit		985,825	1,134,941
Other income		11,745	22,685
Other (loss)/gain, net		(376)	1,594
Selling and distribution costs		(30,327)	(31,696)
Administrative expenses		<u>(202,467)</u>	<u>(231,855)</u>
Operating profit		764,400	895,669
Finance income		100,625	89,832
Finance costs		(212,602)	(244,850)
Share of profit of investments accounted for using the equity method		<u>44,711</u>	<u>22,765</u>
Profit before taxation		697,134	763,416
Taxation	5	<u>(149,747)</u>	<u>(172,610)</u>
Profit for the Period		547,387	590,806
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Currency translation differences		380,092	(327,718)
Changes in value of debt investments at fair value through other comprehensive income		(1,278)	4,376
Item that will not be reclassified to profit or loss:			
Change in value of equity investments at fair value through other comprehensive income		<u>1,684</u>	<u>(6,215)</u>
Total comprehensive income for the Period		<u><u>927,885</u></u>	<u><u>261,249</u></u>

		Six months ended 30 June	
		2025	2024
		<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Notes</i>		(unaudited)	(unaudited)
<b>Profit for the Period attributable to:</b>			
	Owners of the Company	250,898	268,971
	Non-controlling interests	296,489	321,835
		<u>547,387</u>	<u>590,806</u>
<b>Total comprehensive income attributable to:</b>			
	Owners of the Company	511,422	91,335
	Non-controlling interests	416,463	169,914
		<u>927,885</u>	<u>261,249</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share</b>			
	— Basic	4.8	5.2
	— Diluted	<u>4.8</u>	<u>5.2</u>

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# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30.6.2025	31.12.2024
	Notes	HK\$'000	HK\$'000
		(unaudited)	(audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties		131,341	128,942
Property, plant and equipment		9,867,116	9,607,396
Right-of-use assets		431,767	412,511
Exploration and evaluation assets		65,769	59,645
Intangible assets		1,029,237	1,017,721
Investments accounted for using the equity method		1,578,367	1,496,660
Financial assets at fair value through other comprehensive income		178,259	178,182
Other non-current assets		1,261,686	1,234,929
Deferred tax assets		46,112	44,865
		<u>14,589,654</u>	<u>14,180,851</u>
<b>Current assets</b>			
Inventories		719,571	293,717
Contract assets, deposits, trade and other receivables	8	1,382,056	1,868,086
Current tax recoverable		5,930	5,599
Time deposits with maturity over three months		1,659,458	1,782,324
Cash and cash equivalents		2,143,100	2,565,505
		<u>5,910,115</u>	<u>6,515,231</u>
<b>Total assets</b>		<u><u>20,499,769</u></u>	<u><u>20,696,082</u></u>

	<i>Notes</i>	<b>30.6.2025</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2024 <b>HK\$'000</b> <b>(audited)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	1,083,127	1,422,322
Contract liabilities		2,497,747	2,731,354
Senior notes		2,734,252	—
Short-term borrowings		1,158,653	1,079,502
Current tax payable		125,596	191,668
Lease liabilities		6,266	7,484
		<u>7,605,641</u>	<u>5,432,330</u>
<b>Non-current liabilities</b>			
Senior notes		—	2,879,980
Long-term borrowings		4,614,711	4,582,785
Lease liabilities		22,818	25,548
Deferred tax liabilities		423,114	390,726
Assets retirement obligation		185,590	173,126
		<u>5,246,233</u>	<u>8,052,165</u>
<b>Total liabilities</b>		<u><b>12,851,874</b></u>	<u><b>13,484,495</b></u>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		56,368	56,368
Reserves		4,112,236	3,600,814
		<u>4,168,604</u>	<u>3,657,182</u>
Non-controlling interests		3,479,291	3,554,405
<b>Total equity</b>		<u><b>7,647,895</b></u>	<u><b>7,211,587</b></u>
<b>Total equity and liabilities</b>		<u><b>20,499,769</b></u>	<u><b>20,696,082</b></u>

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2025*

## (1) GENERAL INFORMATION

China Oil And Gas Group Limited (the “**Company**”) was 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 in Hong Kong is 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, 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**”.

## (2) BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements 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 the Rules Governing the Listing of Securities on the Stock Exchange. These interim financial statements should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2024.

### Going Concern

As at 30 June 2025, the Group had net current liabilities of HK\$1,696 million, mainly because of the Group’s senior notes, which will mature on 30 June 2026, have become current in the current accounting period. Notwithstanding the net current liabilities position, the Group’s consolidated interim financial statements have been prepared on a going concern basis because the directors of the Company (the “**Directors**”) expect the Group will be able to refinance the senior notes with other borrowings in the second half of 2025. Moreover, included in the Group’s current liabilities are contract liabilities of HK\$2,498 million, HK\$1,766 million of which represents payments received in advance on prepaid I/C cards that are related to sales of natural gas not yet delivered and are therefore not expected to be settled in cash under normal business circumstances. As such, the Directors are of the opinion that the Group would have adequate funds to meet its obligation, as and when they fall due, and have therefore prepared the Group’s consolidated financial statements on a going concern basis.

### **(3) SIGNIFICANT ACCOUNTING POLICIES**

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* issued by the HKICPA that are first effective starting from 1 January 2025. The amendments do not have a material impact on the Group's results and financial position as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard and interpretation that is not yet effective for the current accounting period.

### **(4) REVENUE AND SEGMENT INFORMATION**

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 operating segments for the six months ended 30 June 2025:

- 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

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 six months ended 30 June 2025 and 2024 is set out below:

## Business Segments

*For the six months ended 30 June 2025:*

	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	6,716,852	—	246,674	633,867	7,597,393
Recognised over time	—	292,375	—	—	292,375
Sales to external customers	6,716,852	292,375	246,674	633,867	7,889,768
Segment results	<u>764,688</u>	<u>107,593</u>	<u>86,996</u>	<u>(15,450)</u>	943,827
Finance income					100,625
Other loss, net					(376)
Finance costs					(212,602)
Share of profit of investments accounted for using the equity method					44,711
Unallocated corporate expenses					<u>(179,051)</u>
Profit before taxation					697,134
Taxation					<u>(149,747)</u>
Profit for the period					<u>547,387</u>



***For the six months ended 30 June 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	7,306,999	—	242,802	1,385,902	8,935,703
Recognised over time	—	356,404	—	—	356,404
	<u>7,306,999</u>	<u>356,404</u>	<u>242,802</u>	<u>1,385,902</u>	<u>9,292,107</u>
Sales to external customers					
	<u>7,306,999</u>	<u>356,404</u>	<u>242,802</u>	<u>1,385,902</u>	<u>9,292,107</u>
Segment results	<u>821,310</u>	<u>92,592</u>	<u>81,837</u>	<u>76,874</u>	1,072,613
Finance income					89,832
Other gain, net					1,594
Finance costs					(244,850)
Share of profit of investments accounted for using the equity method					22,765
Unallocated corporate expenses					<u>(178,538)</u>
Profit before taxation					763,416
Taxation					<u>(172,610)</u>
Profit for the period					<u>590,806</u>

Analysis of the Group's assets by geographical market is set out below:

### *Assets*

	<b>At 30.6.2025</b>	At 31.12.2024
	<b>Total assets</b>	Total assets
	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>413,905</b>	315,672
Mainland China	<b>15,645,463</b>	16,180,045
Canada	<b>2,637,663</b>	2,480,658
Total	<b>18,697,031</b>	18,976,375
Unallocated		
Investments accounted for using the equity method	<b>1,578,367</b>	1,496,660
Deferred tax assets	<b>46,112</b>	44,865
Financial assets at fair value through other comprehensive income	<b>178,259</b>	178,182
Total assets	<b>20,499,769</b>	20,696,082

## **(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 Period (2024: Nil).

Pursuant to the relevant PRC corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Company's PRC subsidiaries from 1 January 2008 onwards at 10% (2024: 10%). Certain entities of the Group with Hong Kong business and directly owns at least 25% of the capital of the PRC subsidiaries are entitled to the lower withholding tax rate at 5% (2024: 5%).

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% (2024: 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% (2024: 15%).

Canada income tax has been provided for at the rate of 27% on the estimated assessable profits for the year (2024: 27%), which represented the tax rate in Alberta, Canada and the Canada's federal tax rate of 12% (2024: 12%) and 15% (2024: 15%) respectively.

There is no tax impact relating to components of other comprehensive income for the six months ended 30 June 2025 (2024: Nil).

## (6) EARNINGS PER SHARE

### *Basic*

The calculation of basic earnings per share was based on the profit attributable to owners of the Company of HK\$250,898,000 (Six months ended 30 June 2024: profit of HK\$268,971,000) divided by the weighted average number of ordinary shares of 5,199,374,613 shares (six months ended 30 June 2024: 5,199,374,613 shares) in issue during the period.

Weighted average number of ordinary shares:

	<b>Unaudited At 30.6.2025</b>	Unaudited At 30.6.2024
Issued ordinary shares	<b>5,636,803,834</b>	5,636,803,834
Effect of shares held under share option and award schemes	<b><u>(437,429,221)</u></b>	<u>(437,429,221)</u>
Weighted average number of ordinary shares	<b><u>5,199,374,613</u></b>	<u>5,199,374,613</u>

### *Diluted*

Diluted earnings 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 per share is equal to the basic earnings per share for the period ended 30 June 2025 (six months ended 30 June 2024: same) because the exercise price of the share options granted and not exercised was higher than the average share price of the Company.

## (7) DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## (8) CONTRACT ASSETS, DEPOSITS, TRADE AND OTHER RECEIVABLES

	Unaudited At 30.6.2025 HK\$'000	Audited At 31.12.2024 HK\$'000
Trade receivables	649,651	698,767
Other receivables, deposits and prepayments	732,405	1,169,319
	<u>1,382,056</u>	<u>1,868,086</u>

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

Up to 3 months	144,170	309,474
3 to 6 months	55,425	73,726
Over 6 months	450,056	315,567
	<u>649,651</u>	<u>698,767</u>

## (9) TRADE AND OTHER PAYABLES

	Unaudited At 30.6.2025 HK\$'000	Audited At 31.12.2024 HK\$'000
Trade payables	257,554	330,350
Other payables and accruals	825,573	1,091,972
	<u>1,083,127</u>	<u>1,422,322</u>

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

Up to 3 months	81,334	197,927
3 to 6 months	34,820	85,464
Over 6 months	141,400	46,959
	<u>257,554</u>	<u>330,350</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In the first half of 2025, the global natural gas trade landscape underwent profound adjustments, with significant changes in regional trade flows. Affected by the warmer-than-usual temperatures last winter and this spring and adjustments in the industry's consumption structure, domestic natural gas supply remained ample, while the growth of natural gas consumption was temporarily constrained, with a slight decline in the growth of apparent consumption and intensified competition in the end-user market. Facing the triple pressures of “weakening demand, narrowing price spreads, and tightening regulation,” the Board led the management team to maintain strategic focus. Following the main line of “stabilizing the main business, controlling risks, and cultivating new momentum,” the Group has overcome difficulties with resilience and achieved steady progress, striving for the stable development of all its businesses.

**Improving the Quality and Efficiency of the Gas Business.** The Group has taken the action of “strengthening three fundamentals, stabilizing the main business, and managing three losses” to ensure the stable development of its gas business. Resource coordination was precise and efficient, with the contracted gas offtake rate maintained at 99%, and the average comprehensive procurement price decreased by RMB0.04/cubic meter year-on-year. The innovative implementation of the “resource pool + collective shipping” model effectively addressed regional shortages. The management of gas sales losses has yielded significant results, with most member companies achieving the goal of zero gas loss. In the first half of the year, the total number of residential users exceeded 2.16 million and industrial and commercial users surpassed 20,000. Gas sales volume reached 2,305 million cubic meters and gas transmission volume was 1,332 million cubic meters. The Group's total revenue amounted to HK\$7,890 million, with profit attributable to the owners of HK\$250 million.

**Deepening Development of the End-user Market.** The Group added 31,000 new residential users and over 540 industrial and commercial users, with a significant increase in per-household value. Heating projects equivalent to 113 steam tons were signed, laying an incremental foundation for the peak season in autumn and winter.

**Steady Progress in Value-added Business.** By leveraging its existing customer base, the Group developed “smart home” services. Utilizing the online platform “Qizhi e-Home” and an offline grid-based customer service system, it sold its own brand of products and services such as “gas appliances + insurance”, achieving substantial growth in value-added business. By deeply understanding customer needs, it created value for customers while realizing a “second growth curve” for the Company.

**Synchronized Improvement in Digitalization, Intelligence, Safety, and Governance.**

The ten major digital intelligence system projects, in cooperation with strategic partners, have been fully launched. The newly upgraded customer service platform is now online in all member companies, serving over 4 million users. The pipeline mapping rate in the GIS system exceeded 85%, the closed-loop rate for patrol-identified hazards was 100%, and zero major safety accidents were achieved. The internal control system has achieved full coverage, with notable results in governance.

**Stable Growth in Oil and Gas Exploitation and Production.** The Group is committed to promoting the exploitation and development of light crude oil in the central-western region of Alberta, Canada, to maximize operational efficiency. In the first half of the year, the Company drilled four new horizontal wells with a 100% success rate which produced 984,821 barrels of oil equivalent of oil and natural gas, a year-on-year increase of 5%, of which natural gas accounted for 2,338,882 thousand cubic feet. Proved and probable reserves amounted to 50 million barrels, representing a year-on-year increase of 11%.

**Enhancing Environmental, Social and Governance (ESG) Capabilities.** The Group has deeply integrated ESG concepts into its strategy, operations, and governance. A committee has been established at the Board level, specifically responsible for coordinating and implementing ESG development goals, strengthening execution, and promoting the overall improvement of the Group's ESG performance. Achieved “two firsts”: for the first time, it received the “Sustainable Development Enterprise” certification from the Hong Kong Green Council (香港環保促進會); for the first time, it was awarded the “EcoChallenger” title in the BOCHK Corporate Low-Carbon Environmental Leadership Awards (中銀香港企業低碳環保領先大獎).

## **CITY PIPELINE NATURAL GAS BUSINESS**

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

The Group's total natural gas sales and transmission volume was 2,305 million cubic meters for the first six months of 2025 (the first half of 2024: 2,432 million cubic meters), decreased by 5% compared with the same period last year. Transmission volume was 1,332 million cubic meters (the first half of 2024: 1,449 million cubic meters), decreased by 8% compared with the same period last year.

Gas consumption by residential users was 593 million cubic meters (the first half of 2024: 595 million cubic meters). Gas consumption by industrial and commercial users was 1,527 million cubic meters (the first half of 2024: 1,656 million cubic meters), decreased by 8% year on year. Gas consumption by gas stations increased from 181 million cubic meters for the last period to 185 million cubic meters for the Period. Each of the above category accounted for 26%, 66% and 8% of the total gas sales volume respectively (the first half of 2024: 25%, 68% and 7%).

### **Development of new users**

For the first six months of 2025, the Group connected 31,062 new residential users, and the accumulated residential users were 2,159,342. Total connections for new industrial and commercial users were 541, and the accumulated industrial and commercial users were 20,060.

## **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 the first half of 2025 was 5,441 barrels of oil equivalent per day, representing an increase of approximately 5% from 5,169 boe/d in the comparable period of 2024.

Reference crude oil prices were 14% lower in the first half of 2025, with West Texas Intermediate averaging US\$67.38 per barrel compared with US\$78.76 per barrel in the first half of 2024. The Group realized a crude oil price of CAD86.03 per barrel in the first half of 2025 compared to CAD95.04 per barrel in the first half of 2024 with a year-on-year decrease of 9%. Although the Group achieved a decline in crude oil price, royalties and operating expenses decreased by 9% and 37% respectively. As a result, the Group achieved a 3% increase in crude oil price per barrel of oil equivalent, and achieved the average operating netback of CAD32.18 per barrel of oil equivalent, compared to CAD31.19 in the same period last year.

## **BUSINESS PROSPECTS**

**At the halfway mark, we must press on with greater vigor.** Looking ahead to the second half of the year, as the macro-policy of “stabilizing growth and expanding domestic demand” continues to take effect, national natural gas consumption is expected to rebound during the heating season. The window of opportunity for “one city, one enterprise” integration is opening, and policy dividends such as the price-following mechanism and carbon emission reduction incentives are being released in a concentrated manner, providing a golden opportunity for the Company to sprint towards its annual goals and achieve leapfrog development. The Board will lead all employees to drive progress on the momentum with the conviction that “the mission must be accomplished”. Guided by the management principle of “increasing three revenues, managing three losses, controlling three expenses, and strengthening three fundamentals”, we will spare no effort to achieve our annual goals. In the final year of the “14th Five-Year Plan” and the inaugural year of the “15th Five-Year Plan”, we must steadfastly adhere to the Group’s medium and long-term development goals. Facing a complex and ever-changing development environment, we must clarify our development positioning, create new growth points on the basis of a solid core business, consolidate our core competitiveness, and focus on building a “Five-pronged” development system.

**Regionalization.** Accelerate integration: Seize the policy opportunity of “one city, one enterprise” to reduce vicious competition and optimize resource allocation; Scale advantage: Consolidate to expand scale, reduce procurement costs, enhance bargaining power, and improve competitiveness and profitability; Service upgrade: Unify management standards, improve service quality, enhance user satisfaction, facilitate government supervision, and promote market stability.



**Intelligence.** Equipment upgrade: Apply smart equipment to achieve automatic meter reading, real-time monitoring, and remote control, so as to improve efficiency, reduce costs, and enhance user experience; Precise analysis: Utilize big data and AI technology to conduct in-depth data mining, achieving precise forecasting, fault diagnosis, and risk warnings to ensure the security and stability of supply; Information management: Build an information platform, integrate business data, realize information sharing and collaborative work, and promote digital transformation.

**Diversification.** Develop integrated energy: Develop new energy sources such as solar, wind, and biorenewable energy, promote their application, build a diversified energy system, and meet the demand for clean energy; Distributed energy: Construct distributed energy systems, LNG tank container transportation and ship bunkering, integrate power generation, heating, and cooling functions, provide comprehensive energy services, explore the development of blockchain business, and improve energy efficiency; Value-added services: Expand value-added services such as installation and maintenance, and energy-saving renovations to meet diverse needs, increase revenue, and create greater value for customers.

**Internationalization.** International cooperation: Strengthen technical exchange and cooperation, introduce advanced technologies and management experience, participate in international projects, and expand overseas markets; Industrial chain synergy: Leverage overseas development experience to establish stable cooperation with upstream and downstream enterprises, ensure gas source supply, jointly develop new technologies, and achieve mutual benefits; Cross-industry integration: Explore integrated development with industries such as electricity and heat, provide comprehensive energy services, expand business areas, and enhance comprehensive energy service capabilities.

**Greening. Structural optimization:** Increase the proportion of natural gas, develop renewable energy, build a clean and low-carbon energy system, and contribute to the “dual carbon” goals; Technological innovation: Increase R&D in environmental protection technology, promote advanced technologies and equipment, reduce pollutant emissions, and meet environmental requirements; Social responsibility: Enhance our corporate image by participating in public welfare activities, promoting green and sustainable development, and creating social value.

Through the construction of the “Five-pronged” system, the Group will clarify its development positioning, adapt to the general trend, change its mindset, seize policy advantages, and actively embrace change with a broad vision and an open mind. We will ignite passion with dedication and achieve our dreams through practical action, striving to deliver outstanding results as we conclude 2025 and working together to welcome an even brighter future!

Looking ahead to the second half of the year, China's economy is expected to maintain stable operation and growth, with its long-term positive fundamentals remaining unchanged. China will continue to adopt strong macroeconomic, monetary and fiscal policies to achieve its full-year economic growth target. The policies released by the Chinese government include the "Outline of the Strategic Plan for Expanding Domestic Demand". In 2025, the Group will adhere to the strategic decision of implementing the strategy of expanding domestic demand, fostering a complete domestic demand system, and accelerating the construction of a new development pattern with domestic circulation as the mainstay, and domestic and international circulations reinforcing each other, so as to promote long-term development and advance peace and stability. China will continue to implement proactive fiscal policies and sound monetary policies, intensify macro policy control, boost market confidence, and promote the overall improvement of economic performance to achieve effective quality improvement and reasonable growth.

In the second half of 2025, the Group will continue to implement the "14th Five-Year Plan" initiatives. Amid complex and evolving conditions, we will reinforce our resilience to overcome challenges, precisely identify core issues in operations and management, and enhance internal governance capabilities with heightened efficiency. By proactively seizing industry opportunities, diversifying gas supply sources, and expanding market presence, we will optimize business portfolios and innovate commercial models. While deepening our core business operations, we will continuously explore customer needs to deliver diversified products and services. While advancing our core business development, the Group is vigorously building value-added services to create a "second growth curve." By implementing regionalization and diversification strategies that capitalize on the government's "One City, One Enterprise" policy, we will expand our regional presence, deepen engagement with customer needs, and deliver high-quality services tailored to their requirements.

The Board places utmost importance on establishing robust internal controls. By convening monthly Group Financial Controller Work Meetings, we maintain real-time oversight of progress on key financial initiatives across regional divisions and project companies, including significant financial matters or operational decisions with potential material impact. These meetings serve as a platform to promptly communicate Group management principles, financial compliance standards, and collaborative priorities, ensuring all units align with the Group's financial governance direction and synchronize frontline financial operations with headquarters. The Group continues to engage one of the big four accounting firms to conduct an internal control review and to make recommendations for the Company to improve its internal control system, in particular, internal control procedures for sales and receivables, cost management, project management, fund management, and disclosure of financial statements and information. The Group will continue to improve its internal control and risk management systems so as to enable the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

## FINANCIAL REVIEW

For the six months ended 30 June 2025, the Group recorded revenue of HK\$7,890 million, representing a decrease of 15% from HK\$9,292 million for the six months ended 30 June 2024.

The total revenue is derived from four segments, namely (1) sales and distribution of natural gas and other related products, (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. (1) Revenue from sales and distribution of natural gas and other related products was HK\$6,717 million, representing a year-on-year decrease of 8% from HK\$7,307 million for the same period last year. The decrease was mainly attributable to changes in the domestic economic environment and the higher-than-average national temperature from January to March 2025, which resulted in a 6% decrease in the Group's sales and transmission volumes in the first half of 2025. However, the Group maintained the gross profit margin for this segment at 12%; (2) Revenue from gas pipeline construction and connection amounted to HK\$292 million, representing a year-on-year decrease of 18% from HK\$356 million in the corresponding period of last year, as the national real estate market remained in a slump. Nevertheless, through unified procurement and cost control, the Group increased the gross profit margin of this segment from 26% in the same period last year to 37% in the current period. (3) Revenue from exploitation and production of crude oil and natural gas amounted to HK\$247 million (the first half of 2024: HK\$243 million), showing a steady increase; (4) Revenue from the production and sale of coal-derived clean energy and other related products was HK\$634 million (the first half of 2024: HK\$1,386 million), representing a year-on-year decrease of 54%. The decrease was primarily due to partial inspections and renovations of the production capacity of this segment in response to the local government's higher environmental protection requirements, which put short-term pressure on its revenue. However, the Group is actively coordinating and aims to restore production capacity to a stable level by the end of the year.

The Group's overall gross profit amounted to HK\$986 million (the first half of 2024: HK\$1,135 million), and the overall gross profit margin was 12% (the first half of 2024: 12%). Profit for the Period attributable to owners of the Company was HK\$251 million, representing a decrease of 7%.

Administrative expenses were HK\$202 million (the first half of 2024: HK\$232 million), a decrease of 13% as compared to the same period last year, accounting for 3% of revenue (the first half of 2024: 3%) while selling and distribution costs decreased by 4%.

Finance costs decreased to HK\$213 million from HK\$245 million for the same period last year.

## **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 30 June 2025, the Group's total indebtedness (including bank borrowings, other borrowings and senior notes) amounted to HK\$8,508 million (31 December 2024: HK\$8,542 million).

As at 30 June 2025, the Group had cash and cash equivalents and time deposits with maturity over three months of HK\$3,802 million (31 December 2024: HK\$4,348 million). Total assets were HK\$20,500 million (31 December 2024: HK\$20,696 million), in which current assets were HK\$5,910 million (31 December 2024: HK\$6,515 million). Total liabilities of the Group were HK\$12,852 million (31 December 2024: HK\$13,484 million), in which current liabilities were HK\$7,606 million (31 December 2024: HK\$5,432 million). The Group's net debt-to-assets ratio, measured on the basis of total indebtedness net of cash and time deposits, divided by total assets was 23% (31 December 2024: 20%). The Group's financial and liquidity remain stable, and the Group is well prepared for the development in the second half of 2025.

Total debt is calculated as total borrowings and senior notes. The Group's gearing ratio is approximately 111% (31 December 2024: 118%), which is calculated as a ratio of total debt to total equity.

As at 30 June 2025, the Group did not issue any corporate guarantees (31 December 2024: Nil).

## **SIGNIFICANT INVESTMENTS**

As at 30 June 2025, the Group did not hold any significant investment.

## **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 six months ended 30 June 2025.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2025, the Group employed a total of 4,699 (31 December 2024: 4,814) full-time employees, most of whom were stationed in the PRC. Total staff cost for the Period amounted to HK\$230 million (the first half of 2024: HK\$243 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 30 June 2025, senior notes and a term loan facility up to US\$315 million 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 joint stock company established in the PRC with limited liability whose issued shares are listed and traded on the main board of the Shenzhen Stock Exchange (stock code: 000407) ("**Shandong Shengli**"), being approximately 22.16% of the issued shares of Shandong Shengli, were pledged to a bank to secure the banking facilities granted to the Group.

Certain property, plant and equipment and intangible assets of the Group were pledged to secure bank borrowings of HK\$193 million.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liability as at 30 June 2025.

## **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 30 June 2025, the Group had no material litigation.

## **CAPITAL STRUCTURE**

As at 30 June 2025, 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.

## **INTERIM DIVIDEND**

The Board resolved not to declare any interim dividend for the six months ended 30 June 2025 (30 June 2024: Nil).

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

During the six months ended 30 June 2025, 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).

## **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 Period.



## 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 six months ended 30 June 2025. 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 six months ended 30 June 2025, 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 six months ended 30 June 2025.

## AUDIT COMMITTEE

The Company established 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 system.

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 unaudited interim financial statements of the Group for the six months ended 30 June 2025.

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

Hong Kong, 26 August 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*