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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 2025**

### **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 (collectively, the “**Group**”) for the year ended 31 December 2025 together with the relevant comparative figures.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

		2025	2024
	Note	HK\$'000	HK\$'000
Revenue	3	<b>15,158,592</b>	17,655,191
Cost of sales		<b>(13,096,899)</b>	(15,471,598)
Gross profit		<b>2,061,693</b>	2,183,593
Other income		<b>39,183</b>	44,963
Other gains/(losses), net		<b>30,391</b>	(14,212)
Selling and distribution costs		<b>(95,153)</b>	(93,371)
Administrative expenses		<b>(570,382)</b>	(554,314)
Net impairment losses on financial and contract assets		<b>(38,544)</b>	(210,953)
Net impairment losses on property, plant and equipment		<b>(253,391)</b>	—
Operating profit		<b>1,173,797</b>	1,355,706
Net impairment losses on investments in associates		—	(91,365)
Finance income		<b>223,663</b>	194,121
Finance costs		<b>(429,679)</b>	(464,812)
Share of profits of investments accounted for using the equity method		<b>64,169</b>	26,002
Profit before taxation	4	<b>1,031,950</b>	1,019,652
Taxation	5	<b>(407,483)</b>	(318,490)
Profit for the year		<b>624,467</b>	701,162

	<i>Note</i>	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		<b>550,364</b>	(535,483)
Change in value of debt investments at fair value through other comprehensive income		<b>(4,672)</b>	4,873
<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		<b>(2,341)</b>	(10,121)
Other comprehensive income for the year, net of tax		<b>543,351</b>	(540,731)
Total comprehensive income for the year		<b>1,167,818</b>	160,431
Profit attributable to:			
Owners of the Company		<b>80,719</b>	180,771
Non-controlling interests		<b>543,748</b>	520,391
		<b>624,467</b>	701,162
Total comprehensive income for the year attributable to:			
Owners of the Company		<b>367,301</b>	(161,034)
Non-controlling interests		<b>800,517</b>	321,465
		<b>1,167,818</b>	160,431
Earnings per share for profit attributable to owners of the Company for the year	7		
— Basic ( <i>HK cents</i> )		<b>1.6</b>	3.5
— Diluted ( <i>HK cents</i> )		<b>1.6</b>	3.5

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	31 December 2025	31 December 2024
Note	HK\$'000	HK\$'000
<b>Assets</b>		
<b>Non-current assets</b>		
Investment properties	146,411	128,942
Property, plant and equipment	9,942,375	9,607,396
Right-of-use assets	474,685	412,511
Exploration and evaluation assets	36,352	59,645
Intangible assets	1,038,789	1,017,721
Investments accounted for using the equity method	1,598,882	1,496,660
Financial assets at fair value through other comprehensive income ("FVOCI")	170,558	178,182
Other non-current assets	1,289,108	1,234,929
Deferred tax assets	44,328	44,865
	14,741,488	14,180,851
<b>Current assets</b>		
Inventories	224,915	293,717
Contract assets, deposits, trade and other receivables	8 2,029,657	1,868,086
Current tax recoverable	5,879	5,599
Time deposits with maturity over three months	2,933,828	1,782,324
Cash and cash equivalents	2,137,051	2,565,505
	7,331,330	6,515,231
<b>Total assets</b>	<b>22,072,818</b>	<b>20,696,082</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	9 1,833,656	1,422,322
Contract liabilities	2,350,444	2,731,354
Short-term borrowings	1,512,617	1,079,502
Senior notes	2,632,710	—
Current tax payable	189,145	191,668
Lease liabilities	8,006	7,484
	8,526,578	5,432,330

	<b>31 December 2025</b>	31 December 2024
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>		
Senior notes	—	2,879,980
Long-term borrowings	<b>5,150,046</b>	4,582,785
Lease liabilities	<b>55,028</b>	25,548
Deferred tax liabilities	<b>412,881</b>	390,726
Assets retirement obligation	<b>170,132</b>	173,126
	<u><b>5,788,087</b></u>	<u>8,052,165</u>
<b>Total liabilities</b>	<u><b>14,314,665</b></u>	<u>13,484,495</u>
<b>Equity</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	<b>56,368</b>	56,368
Reserves	<b>3,968,115</b>	3,600,814
	<b>4,024,483</b>	3,657,182
Non-controlling interests	<b>3,733,670</b>	3,554,405
<b>Total equity</b>	<u><b>7,758,153</b></u>	<u>7,211,587</u>
<b>Total equity and liabilities</b>	<u><b>22,072,818</b></u>	<u>20,696,082</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 2025, 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*

New and amended HKFRSs

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* issued by the Hong Kong Institute of Certified Public Accountants to these financial statements for the current accounting period.

The amendments do not have a material impact on these financial statements 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 or interpretation that is not yet effective for the current accounting period.

(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 2025 and have not been early adopted.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures — Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	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 of 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>2025</b>	2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Sales and distribution of natural gas and other related products	<b>12,796,680</b>	14,021,865
Gas pipeline connection and construction services income	<b>500,298</b>	532,338
Exploitation and production of crude oil and natural gas	<b>458,538</b>	462,240
Production and sales of coal-derived clean energy and other related products	<b>1,403,076</b>	2,638,748
	<b><u>15,158,592</u></b>	<u>17,655,191</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 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

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 gains/(losses), 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 2025 and 2024 is set out below.

For the year ended 31 December 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	12,796,680	—	458,538	1,403,076	14,658,294
Recognised over time	—	500,298	—	—	500,298
Sales to external customers	12,796,680	500,298	458,538	1,403,076	15,158,592
Segment results	<u>1,463,551</u>	<u>293,748</u>	<u>142,183</u>	<u>(53,499)</u>	1,845,983
Finance income					223,663
Other gains, net					30,391
Finance costs					(429,679)
Net impairment losses on financial and contract assets					(38,544)
Net impairment losses on property, plant and equipment					(253,391)
Written off of exploration and evaluation assets					(6,689)
Share of profits of investments accounted for using the equity method					64,169
Unallocated corporate expenses					(403,953)
Profit before taxation					1,031,950
Taxation					(407,483)
Profit for the year					<u>624,467</u>

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>

*Note:*

No external customers of the Group contributed over 10% of the Group's revenue for the years ended 31 December 2025 and 2024.

#### 4 Profit before taxation

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Employee benefit expenses	560,421	534,445
Cost of inventories recognised as expense	14,583,480	14,614,790
Auditor's remuneration		
— Audit services	6,485	4,588
— Tax and other services	514	203
Depreciation and depletion of property, plant and equipment	627,217	705,688
Depreciation of right-of-use assets	27,255	25,384
Amortisation of intangible assets	13,102	10,279
Short term lease expenses	3,989	2,960
(Gains)/losses on disposals of property, plant and equipment and right-of-use assets	(16,602)	17,253
Gains on disposals of associates	13,222	—
Net impairment losses on financial and contract assets	38,544	210,953
Net impairment losses on property, plant and equipment	253,391	—
Net impairment losses on investments in associates	—	91,365
Provision for inventories	4,140	—
Net exchange losses/(gains)	27,908	(2,696)
Written off of exploration and evaluation assets	<u>6,689</u>	<u>10,676</u>

#### 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 (2024: 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% (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 23% on the estimated assessable profits for the year (2024: 23%), which represented the tax rate in Alberta, Canada and the Canada's federal tax rate of 8% (2024: 8%) and 15% (2024: 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 2025 (2024: Nil).

## **6 Dividend**

The Board has decided not to propose final dividend for the year ended 31 December 2025 (2024: Nil).

## 7 Earnings per share

### *Basic*

The calculation of basic earnings per share was based on the profit attributable to owners of the Company of HK\$80,719,000 (2024: profit of HK\$180,771,000) divided by the weighted average of ordinary shares of 5,199,374,613 shares (2024: 5,199,374,613 shares) in issue during the year.

Weighted average number of ordinary shares:

	2025	2024
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 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 year ended 31 December 2025 (2024: 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 2025, trade receivables, net of loss allowance, included under this balance amounted to HK\$665,620,000 (2024: HK\$675,711,000).

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>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	<b>726,303</b>	698,767
Less: Loss allowance	<b>(60,683)</b>	(23,056)
Trade receivables, net	<b><u>665,620</u></b>	<b><u>675,711</u></b>

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

	<b>31 December</b> <b>2025</b> <i>HK\$'000</i>	31 December 2024 <i>HK\$'000</i>
Up to 3 months	<b>310,570</b>	309,474
3 to 6 months	<b>25,378</b>	73,726
Over 6 months	<b>390,355</b>	315,567
Total	<b><u>726,303</u></b>	<b><u>698,767</u></b>

## 9 Trade and other payables

As at 31 December 2025, included in trade and other payables is the balance of trade payables amounting to HK\$421,753,000 (31 December 2024: HK\$330,350,000).

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

	<b>31 December</b> <b>2025</b> <i>HK\$'000</i>	31 December 2024 <i>HK\$'000</i>
Up to 3 months	<b>329,724</b>	197,927
3 to 6 months	<b>14,359</b>	85,464
Over 6 months	<b>77,670</b>	46,959
Total	<b><u>421,753</u></b>	<b><u>330,350</u></b>

## CHAIRMAN'S STATEMENT

### BUSINESS REVIEW

In 2025, amidst profound adjustments in the global energy landscape and the cyclical transition and upgrade of the Mainland China economy, the Group, steadfastly upholding its mission of “Developing Clean Energy, Creating a Better Life”, anchored its focus on the high-quality development agenda. We strategically coordinated the development and operation of upstream and downstream resources and markets, deepened our core natural gas business, and actively expanded integrated energy and customer value-added services. All cadres and employees united with one purpose, tackling challenges head-on, successfully achieving the annual operational and safety management targets. Throughout the Year, no general or above production safety liability incidents occurred. Our domestic and overseas businesses developed in synergy, the fundamental operational landscape remained robust and positive, strategic upgrades took solid strides forward, thereby further strengthening comprehensive competitiveness and risk resilience, solidifying the core foundation for the Group to navigate industry cycles and achieve sustainable development. Synergy-driven quality enhancements were realised across the business segments of the full industry chain. The upstream oil and gas development business in Canada progressed steadily, with average daily production achieving year-on-year growth. Both resource development efficiency and gross profit margin increased, further highlighting the advantages of the full industry chain layout. The downstream core gas business maintained a solid foundation. Annual gas sales and transmission volumes stabilised, the residential user base continued to expand, and new progress was made in commercial customer development. Leveraging a core customer resource pool of nearly 2.2 million residential users and over 20,000 commercial and industrial users, the Group reinforced its primary role in regional energy supply, while simultaneously improving both pipeline network operational efficiency and market service capabilities. Management quality enhancement initiatives yielded significant results. The “Four Threes Project” was implemented Group-wide, with nearly 4,000 employees participating in the “Strengthening Three Fundamentals” knowledge assessment, achieving a pass rate exceeding 95%. Through measures to “Increase Three Revenues, Control Three Costs, and Mitigate Three Losses”, various control measures were precisely implemented. The efficiency of personnel-role matching saw substantial improvement, leading to bidirectional enhancement in both management effectiveness and operational efficiency. Breakthrough progress was achieved in the strategic emerging businesses. The integrated energy business saw multiple successful initiatives, with benchmark projects such as the Wuhan Photovoltaic Charging Station and the Xinyi Steam Sales Project commencing operations successfully. Reserved projects progressed in an orderly manner, preliminarily forming a “Gas + N” multi-energy complementary development model, leading to a notable improvement in operational quality. Digital transformation and capital operation synergised to drive development. The three core digital platforms for operational management, customer service, and production safety were comprehensively upgraded and launched, achieving 100% digital coverage of core business processes. The asset acquisition project

for Shandong Shengli Co., Ltd. was successfully initiated. Through the “equity acquisition + supporting financing” approach, the project aims to expand and strengthen the gas market scale, enhance business growth, and optimise the capital structure. Risk prevention and the internal control system underwent iterative upgrades. Key area risks were accurately identified, while compliance management and audit oversight capabilities were continuously strengthened to safeguard the development of the Group’s domestic and overseas operations.

## **CITY PIPELINE NATURAL GAS BUSINESS**

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

During the year, the Group’s natural gas sales and transmission volume decreased 7.1% as compared to last year.

The Group’s natural gas sales volume recorded to be 4,266 million cubic meters for 2025 (2024: 4,584 million cubic meters), decreased by 6.9% compared with the same period last year. Transmission volume was 2,452 million cubic meters, recorded a 7.3% decrease as compared to the same period last year.

Consumption of residential users decreased by 16.6% from last year’s 1,026 million cubic meters to 856 million cubic meters; industrial and commercial users recorded 3,067 million cubic meters (2024: 3,178 million cubic meters), decreased by 3.5% compared with the same period last year; gas consumption of gas stations recorded a decrease of 9.7% at current year’s 343 million cubic meters from last year’s 380 million cubic meters. Each of the above categories representing 20%, 72% and 8% of the total gas sales volume (2024: 22%, 69% and 9%), respectively.

### **Development of new users**

For 2025, the Group connected 66,266 (2024: 86,344) new residential users and the accumulated development of residential users were 2,194,546. Total connections for new industrial and commercial users were 1,176 (2024: 1,511) and the accumulated development of industrial and commercial users were 20,695.

## **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 2025 was 5,270 barrels of oil equivalent per day (“boe/d”), (2024: 5,082 boe/d).

Reference crude oil prices were 14.6% lower in 2025, with West Texas Intermediate averaging US\$64.69 per barrel compared with US\$75.72 per barrel in 2024. The Group realized a crude oil price of CAD82.04 per barrel in 2025 compared to CAD93.62 per barrel in 2024 with a year-on-year decrease of 12.4%. The Group achieved the average operating netback of CAD29.47 per barrel of oil equivalent, representing a decrease of 2.7% as compared with CAD30.28 per barrel of oil equivalent for the same period last year.

## **BUSINESS PROSPECTS**

The year 2026 marks the commencement of China's 15th Five-Year Plan (2026–2030). As a clean and low-carbon energy source, the strategic role of natural gas in achieving the national “Dual Carbon” goals and building a powerful energy nation is becoming increasingly prominent. The industry is ushering in a new phase of development, with national annual consumption expected to exceed 460 billion cubic metres, accounting for 12.5% of primary energy consumption. Simultaneously, the in-depth integration of global energy resource development and domestic market demand, the continuous optimisation of the competitive landscape, and the rising standards for compliant operations are creating greater development space for enterprises possessing advantages such as a full industry chain layout and synergistic domestic and overseas resources. The Group will seize the opportunities presented by industry development, anchored in the strategic principle of “Core Business as the Foundation for Ecosystem Expansion”. A key initiative will be forging a second growth curve. We will coordinate upstream resource development with downstream business model innovation, enhance the quality of our core business while expanding into integrated energy and value-added services. Through more robust operations, clearer strategic positioning, and stronger growth, we are committed to creating long-term, stable, and sustainable value returns for our investors. Focus on enhancing efficiency across the entire business chain to consolidate the fundamental development base. In the upstream segment, we will continue to optimise the layout of our oil and gas development operations in Canada, improving resource exploration and development efficiency as well as production capacity, further solidifying our resource supply advantage and strengthening the synergy between domestic and overseas resources. In the downstream segment, we will deepen our core gas business, intensify market development and pipeline network operation and maintenance efforts, precisely drive expansion among residential, industrial, and commercial users, steadily increase the scale of gas sales and transmission businesses, strengthen gas source coordination and price spread management, optimise the pipeline network layout, continuously consolidate our core position in regional energy supply, and ensure stable and progressive performance of our core operations. Drive ecosystem expansion to build diversified growth drivers. We will accelerate the transition from a “single gas supplier” to an “integrated energy service provider”. On one hand, we will deepen the “Gas + Lifestyle Services” value-added ecosystem, implement the customer service “Five Unifications” system, build diverse service scenarios, and promote the scaled and profitable development of value-added services. On the other hand, we will fully deploy the integrated energy business, develop the “Gas + N” integrated energy supply model, focus on providing multi-

energy complementary solutions (cooling, heating, electricity, gas) for industrial parks and commercial complexes, and strive to achieve breakthrough growth in the performance of our integrated energy business. Strengthen technology empowerment and reinforce management fundamentals to ignite new drivers of development. Centred on realising the value of digital transformation, we will advance the integration of business and finance, and deepen the application of AI and digital twin in core business scenarios. We will continuously deepen the “Four Threes Project” to solidify foundational management and precisely control costs and mitigate losses. Concurrently, we will refine the end-to-end risk prevention and control system, and strengthen compliance management for both domestic and overseas operations. We will optimise the talent “selection, cultivation, utilisation, and retention” mechanism to stimulate the organisation’s internal vitality. Standing at a new starting point, the Group will unite with determination to overcome challenges, promote the synergistic development of domestic and overseas operations, as well as core and other businesses, strive to forge a new pattern of high-quality development, and deliver excellent operational performance in return to our investors.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

For the year ended 31 December 2025, the Group recorded revenue of HK\$15,159 million, representing a decrease of 14.1% from HK\$17,655 million for the year ended 31 December 2024.

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\$12,797 million, HK\$500 million, HK\$459 million and HK\$1,403 million respectively (2024: HK\$14,022 million, HK\$532 million, HK\$462 million and HK\$2,639 million).

The Group’s overall gross profit amounted to HK\$2,062 million (2024: HK\$2,184 million), representing a decrease of 5.6%; total comprehensive income for the year attributable to the owners of the Company was HK\$367 million, turning from a loss to a profit compared to the last year. As at 31 December 2025, the Group has net impairment losses on financial and contract assets of HK\$39 million; net impairment losses on property, plant and equipment of HK\$253 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\$570 million (2024: HK\$554 million), representing an increase of 2.9% as compared to the same period last year, the proportion of administrative expenses to revenue increased to 3.8% (2024: 3.1%) with selling and distribution costs recorded an increase of 1.9%.

Finance costs (net of capitalization) slightly decreased from last year's HK\$465 million to HK\$430 million. The Group's weighted average cost of all indebtedness (including bank borrowings, other borrowings and senior notes) for the year ended 31 December 2025 was 4.7% (2024: 5.6%).

## **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 2025, the Group's total indebtedness (including bank borrowings, other borrowings and senior notes) amounted to HK\$9,295 million (2024: HK\$8,542 million).

As at 31 December 2025, the Group had cash and cash equivalents and time deposits with maturity over three months of HK\$5,071 million (2024 : HK\$4,348 million). Total assets were HK\$22,073 million (2024 : HK\$20,696 million), in which current assets were HK\$7,331 million (2024 : HK\$6,515 million). Total liabilities of the Group were HK\$14,315 million (2024 : HK\$13,484 million), in which current liabilities were HK\$8,527 million (2024 : HK\$5,432 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 19.1% (2024 : 20.3%). The Group's financial and liquidity remain stable, and well prepared for the development in 2026.

## **STRATEGIC COOPERATION FRAMEWORK AGREEMENT**

On 24 March 2025, the Company entered into a strategic cooperation framework agreement (the "**Cooperation Agreement**") with Yonyou Network Technology Co., Ltd. (用友網絡科技股份有限公司) ("**Yonyou Network**"), a company which founded in 1988 and headquartered in Beijing, the issued shares of which are listed and traded on the main board of the Shanghai Stock Exchange (stock code: 600588). Pursuant to the Cooperation Agreement, the Group and Yonyou Network shall carry out in-depth cooperation in the aspects of enterprise intelligent empowerment and AI intelligent empowerment applications, etc., by leveraging on deep experience in gas transmission and distribution as well as integrated energy services, and leading advantages in artificial intelligence and IoT technologies, to build intelligent solutions covering the entire energy, production, operation and consumption scenarios through technology integration and ecological synergy, so as to realize enterprise intelligent upgrades, help enterprises reduce costs and increase efficiency, optimize user experience, and jointly lead the creation of industry intelligent benchmarks (the "**Cooperations**"). Through the Cooperations, the parties will build group-level data

standards, standardize business processes and organizational management rules jointly, break down cross-sector data barriers such as gas, energy, and chemicals, and realize the construction of an intelligent foundation; design a modular and scalable system architecture, ensure the compatibility of the functions of each module; build a full-business intelligent platform to achieve multi-format financial accounting and business management standardization; and achieve deep integration of business and finance and financial sharing.

For details of the Cooperations, please refer to the announcements of the Company dated 24 March 2025 and 25 March 2025.

## **SIGNIFICANT INVESTMENTS**

As at 31 December 2025, 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 2025. The proposed transactions as detailed below are yet to be completed as of the date of this announcement.

On 27 October 2025, China Oil and Gas Investment Group Company Limited\* (中油燃氣投資集團有限公司) (“**China Oil Investment**”), Tiandalitong New Energy (Zhuhai) Co., Ltd.\* (天達利通新能源(珠海)有限公司) (“**Tiandalitong**”), China City Natural Gas Investment Group Co., Ltd. (中油中泰燃氣投資集團有限公司) (“**CCNG**”, together with China Oil Investment and Tiandalitong, collectively, the “**China Oil And Gas Transaction Parties**”) and Shandong Shengli Co., Ltd. (山東勝利股份有限公司) (“**Shengli Share**”), entered into a non-legally binding agreement of intent of asset acquisition by way of share issuance and cash payment (the “**Letter of Intent**”), pursuant to which Shengli Share intends to acquire (i) 100% equity interests of China Oil and Gas (Zhuhai Hengqin) Company Limited\* (中油燃氣(珠海橫琴)有限公司) (“**China Oil Zhuhai**”) held by China Oil Investment, (ii) 100% equity interests of Tiandashengtong New Energy (Zhuhai) Co., Ltd.\* (天達勝通新能源(珠海)有限公司) (“**Tiandashengtong**”) held by Tiandalitong, (iii) 51% equity interests of Nantong Oil & Gas Co., Ltd.\* (南通中油燃氣有限責任公司) (“**Nantong Oil**”) held by CCNG, and (iv) 40% equity interests of Qinghai China Oil Ganhe Industrial Park Gas Co., Ltd.\* (青海中油甘河工業園區燃氣有限公司) (“**Ganhe China Oil**”, together with China Oil Zhuhai, Tiandashengtong and Nantong Oil, collectively, the “**Target Companies**”) held by CCNG (the “**Proposed Transactions**”).

China Oil Investment, Tiandashengtong and China Oil Zhuhai are indirect wholly-owned subsidiaries of the Company. CCNG is held as to 51% by the Group. Nantong Oil is held as to 51% by CCNG and 49% by China Oil Zhuhai, and Ganhe China Oil is held as to 40% by CCNG and 40% by China Oil Zhuhai. Shengli Share is a joint stock company established in

the People's Republic of China (the "**PRC**") which issued shares are listed and traded on the main board of the Shenzhen Stock Exchange (stock code: 000407), and are held as to approximately 22.16% by the Group.

On 10 November 2025, the China Oil And Gas Transaction Parties and Shengli Share entered into an agreement of asset acquisition by way of share issuance and cash payment (the "**Agreement**"). Pursuant to the Agreement, the transaction consideration will be the sum of the transaction consideration payable by Shengli Share to the China Oil And Gas Transaction Parties (i) Shengli Share through the issuance of Shengli Share domestic RMB ordinary shares (A shares) with a par value of RMB1.00 per share as part of the transaction consideration (the "**Consideration Shares**"); and (ii) Shengli Share through cash payment as part of the transaction consideration (the "**Cash Consideration**"). The Agreement also further implement the terms of the Proposed Transactions, including the pricing basis, pricing benchmark date, issuance price of the Consideration Shares, lock-up period for the Consideration Shares.

The Proposed Transactions shall be conditional upon the fulfilment of certain conditions, including but not limited to, Shengli Share, the Target Companies and the China Oil And Gas Transaction Parties have fulfilled necessary approvals, authorizations, filings or licenses required by relevant authorities, laws and regulations.

The Agreement aims to guide the parties in implementing the Proposed Transactions. Based on the preliminary assessment by the Board, the Proposed Transactions may constitute a very substantial acquisition under Chapter 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), which is subject to the final determination of the transaction consideration. If the parties enter into a supplemental agreement to the Agreement, or if there is any significant progress relating to the Proposed Transactions, the Company will publish further announcement in accordance with the Listing Rules as appropriate.

As at the date of this announcement, the audit and valuation of the relevant equity interests in the Target Companies to be acquired by Shengli Share (the "**Target Assets**") have not been completed. The appraised value and the transaction price of the Target Assets, as well as the ratio of Share Consideration and Cash Consideration have not yet been determined. The transaction consideration will be determined by the parties through negotiation based on the asset appraisal report in respect of the Target Assets issued by the asset appraisal institution, and the entering into of a supplemental agreement.

For details of the Proposed Transactions, please refer to the announcements of the Company dated 27 October 2025 and 10 November 2025.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2025, the Group employed a total of 4,689 (2024: 4,814) full-time employees, most of whom were stationed in the PRC. Total staff cost for the year ended 31 December 2025 amounted to HK\$560 million (2024: 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 2025, senior notes issued by the Company and certain facilities were guaranteed by certain subsidiaries of the Company.

The Group has interests in 195,027,219 shares of Shengli Share, being approximately 22.16% of the entire share capital of Shengli Share, of which 17.51% of the issued shares of Shengli Share were pledged to a bank to secure the banking facilities granted to the Group.

The aforementioned interests in shengli Share and certain other assets are pledged for bank borrowings of HK\$259 million.

## **CONTINGENT LIABILITIES**

The Group has no material contingent liability as at 31 December 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 31 December 2025, the Group has no material litigation.

## CAPITAL STRUCTURE

As at 31 December 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.

## EVENTS AFTER THE REPORTING PERIOD

### Repurchase of 4.7% Senior Notes due 2026

In early 2026, the Company (i) repurchased an aggregate principal amount of US\$39,000,000 of its 4.7% senior notes due 2026 (the “**4.7% Senior Notes due 2026**”) from the open market, and (ii) repurchased an aggregate principal amount of US\$271,795,000 of the 4.7% Senior Notes due 2026 through an offer to purchase for cash at purchase price of US\$1,000 per US\$1,000 principal amount.

As at the date of this announcement, the outstanding principal amount of the 4.7% Senior Notes due 2026 was US\$89,205,000.

### Issue of 7% Senior Notes due 2029

In early 2026, the Company also issued 7.0% senior notes due 2029 (the “**7% Senior Notes due 2029**”) in an aggregate principal amount of US\$300,000,000 at offering price of 99.337% of the principal amount.

For details of the repurchase and issue of the Company’s senior notes, please refer to the announcements of the Company dated 8 January 2026, 19 January 2026, 22 January 2026, 27 January 2026, 4 February 2026 and 5 February 2026.

Save as the above, 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 2025 (2024: 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 2025.

## **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 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 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 year ended 31 December 2025, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviation 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 2025.

## **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, 15 May 2026 (the “**2026 AGM**”), the register of members of the Company will be closed from Monday, 11 May 2026 to Friday, 15 May 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2026 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, 8 May 2026. The record date for ascertaining shareholders’ entitlement to attend and vote at the 2026 AGM is Friday, 15 May 2026.

## **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 2025 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 2025 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, 27 March 2026

*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*