



中油燃氣集團有限公司

CHINA OIL AND GAS GROUP LIMITED

(Incorporated in Bermuda with Limited Liability)

(於百慕達註冊成立之有限公司)

Stock Code: 603

股份代號：603



INTERIM REPORT

2020

中期報告

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Enterprise Culture

企業文化



Natural Gas Distribution Business in China

中國天然氣分銷業務

Main trunk pipelines 主要幹線管網

- West-to-East line 1
西氣東輸一線
- West-to-East line 2
西氣東輸二線
- West-to-East line 3
西氣東輸三線
- Se-Ning-Lan line
遼寧蘭線
- Shaan-Jing line 4
陝京四線
- Shaan-Jing line 3
陝京三線
- Cang-Zi Line
滄淄線
- Zhong-Wu Line
忠武線
- Myanmar-China Line
中緬線

Company operating assets / data 公司運營資產及數據

- Branch pipeline
公司自有支線管道
- City gas project with concession right
公司城市天然氣項目
- LNG processing plant
公司液化天然氣工廠
- CNG/LNG/L-CNG station
公司天然氣加氣站
- Province with natural gas sales volume > 500mn m³ in 1H2020
公司二零二零上半年銷氣量5.0億立方米以上省份
- Province with natural gas sales volume between 100mn m³ and 500mn m³ in 1H2020
公司二零二零上半年銷氣量1.0-5.0億立方米省份
- Province with natural gas sales volume < 100mn m³ in 1H2020
公司二零二零上半年銷氣量1.0億立方米以下省份
- Province to enter in near term
公司於近期內準備開展業務的省份



Note: For illustrative purpose only, actual scale and location might differ slightly

註：此圖僅為示意圖，比例與位置可能和實際情況略有出入

Oil and Gas Production Business in Canada

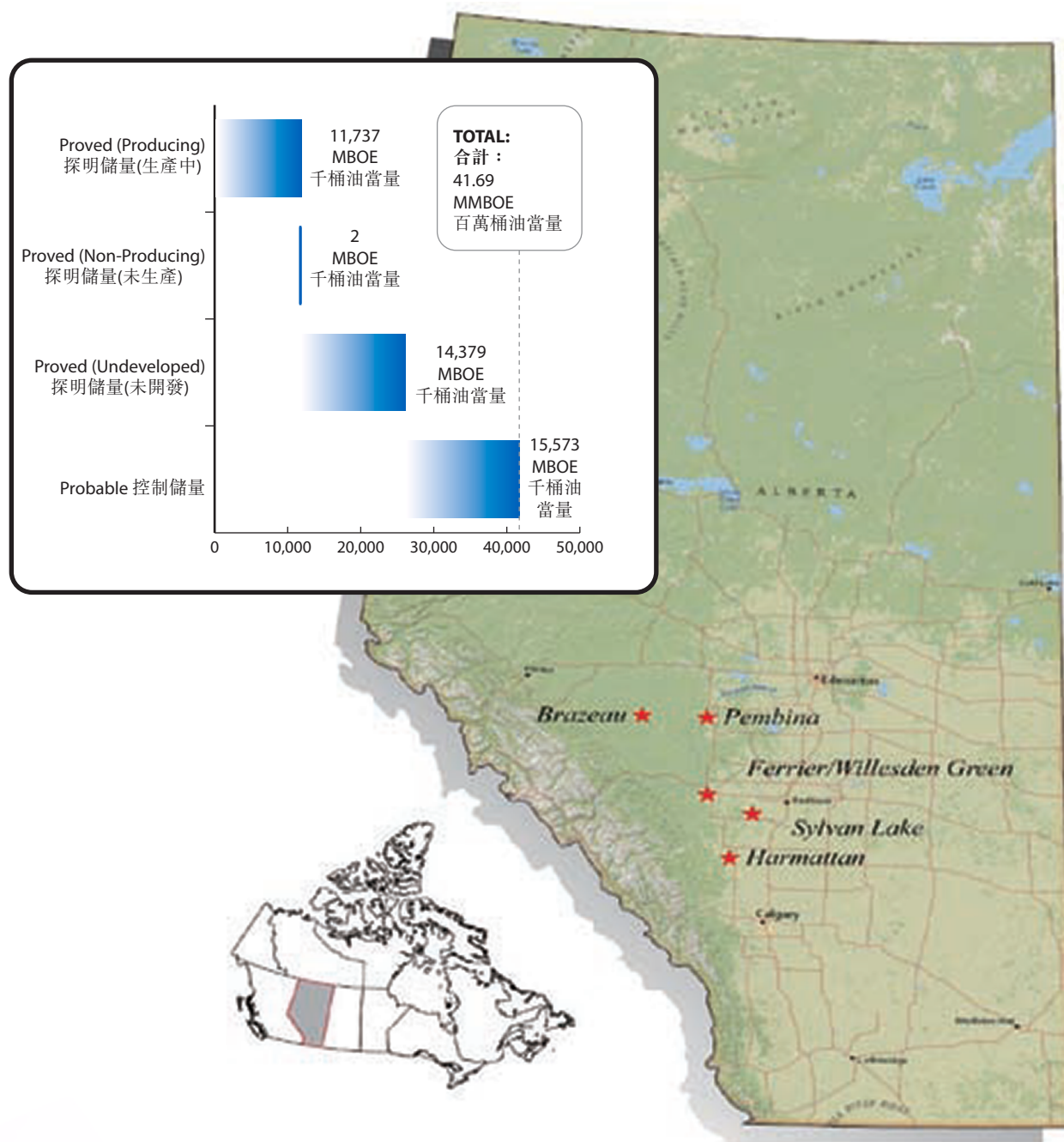
加拿大油氣生產業務

RESERVES

As at 31 December 2019

儲量

於二零一九年十二月三十一日



Corporate Information 公司資料

BOARD OF DIRECTORS

Executive Directors

XU Tie-liang (*Chairman & Chief Executive Officer*)
GUAN Yijun
LIU Chunsun

Independent Non-executive Directors

LI Yunlong
WANG Guangtian
YANG Jie

COMPANY SECRETARY

CHAN Yuen Ying Stella

AUTHORISED REPRESENTATIVES

XU Tie-liang
CHAN Yuen Ying Stella

AUDIT COMMITTEE

LI Yunlong (*Chairman*)
WANG Guangtian
YANG Jie

REMUNERATION COMMITTEE

LI Yunlong (*Chairman*)
WANG Guangtian
GUAN Yijun

NOMINATION COMMITTEE

WANG Guangtian (*Chairman*)
LI Yunlong
LIU Chunsun

CORPORATE GOVERNANCE COMMITTEE

XU Tie-liang (*Chairman*)
GUAN Yijun
LIU Chunsun
LAW Yin Shan Jenny
CHAN Yuen Ying Stella

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor

董事局

執行董事

許鈇良(*主席兼行政總裁*)
關懿君
劉春筍

獨立非執行董事

李雲龍
王廣田
楊杰

公司秘書

陳婉縈

授權代表

許鈇良
陳婉縈

審核委員會

李雲龍(*主席*)
王廣田
楊杰

薪酬委員會

李雲龍(*主席*)
王廣田
關懿君

提名委員會

王廣田(*主席*)
李雲龍
劉春筍

企業管治委員會

許鈇良(*主席*)
關懿君
劉春筍
羅盈珊
陳婉縈

核數師

羅兵咸永道會計師事務所
執業會計師及註冊公眾利益實體核數師

Corporate Information

公司資料

(continued) (續)

LEGAL ADVISERS

(As to Hong Kong Law)
LI & Partners

(As to PRC Law)
Beijing Huao Law & Partners

PRINCIPAL REGISTRARS

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2805, 28th Floor
Sino Plaza
255-257 Gloucester Road
Causeway Bay
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

603

WEBSITE AND E-MAIL ADDRESS

Website: <http://www.hk603.com>
E-mail: info@hk603.com

法律顧問

(香港法律)
李偉斌律師行

(中國法律)
北京市華澳律師事務所

主要股份過戶登記處

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

香港股份過戶登記分處

香港中央證券登記有限公司
香港灣仔
皇后大道東183號
合和中心
17樓1712-1716號舖

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

總辦事處及香港之主要營業地點

香港
銅鑼灣
告士打道255-257號
信和廣場
28樓2805室

主要往來銀行

香港上海滙豐銀行有限公司

股份代號

603

網址及電郵地址

網址: <http://www.hk603.com>
電郵地址: info@hk603.com

Interim Results 中期業績

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 2020 (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").

中油燃氣集團有限公司(「公司」)董事(「董事」)局(「董事局」)宣佈公司及其附屬公司(統稱「集團」)截至二零二零年六月三十日止六個月(「期內」)之未經審核簡明綜合中期業績。

期內之未經審核簡明綜合財務資料未經審核，但經由公司審核委員會(「審核委員會」)審閱。

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

簡明綜合全面收益表

截至二零二零年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月		
	Notes 附註	2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)	
Revenue	營業額	4	4,653,901	5,147,124
Cost of sales	銷售成本		(3,905,127)	(4,360,768)
Gross profit	毛利		748,774	786,356
Other income	其他收入	5	16,155	18,058
Other (losses)/gains, net	其他(虧損)／收益，淨額	6	(11,999)	6,541
Selling and distribution costs	銷售及分銷費用		(38,254)	(29,586)
Administrative expenses	行政開支		(159,283)	(173,670)
Operating profit	經營溢利		555,393	607,699
Finance income	財務收入	7	97,626	78,550
Finance costs	財務費用	7	(119,396)	(116,773)
Share of losses of investments accounted for using the equity method	分佔使用權益法入賬之投資虧損		(3,043)	(16)
Profit before taxation	除稅前溢利		530,580	569,460
Taxation	稅項	8	(104,807)	(88,220)
Profit for the period	期內溢利		425,773	481,240

Interim Results

中期業績

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2020

簡明綜合全面收益表(續)

截至二零二零年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 HK\$'000 千港元 (unaudited) (未經審核)	2019 二零一九年 HK\$'000 千港元 (unaudited) (未經審核)
Notes 附註			
Other comprehensive income/(loss): Items that may be reclassified to profit or loss:	其他全面收益／(虧損)： 可重新分類至損益之項目：		
Currency translation differences	貨幣換算差額	(284,799)	3,435
Changes in value of debt investments at fair value through other comprehensive income	按公平值計入 其他全面收益之 債務投資價值變動	(31,194)	27,752
Item that will not be reclassified to profit or loss:	將不會重新分類至 損益之項目：		
Change in value of equity investments at fair value through other comprehensive income	按公平值計入 其他全面收益之 股本投資價值變動	(15,714)	(29,142)
Total comprehensive income for the period	期內全面收益總額	94,066	483,285
Profit for the period attributable to:	以下人士應佔期內溢利：		
Owners of the Company	公司擁有人	189,741	202,967
Non-controlling interests	非控股權益	236,032	278,273
		425,773	481,240
Total comprehensive income/(loss) attributable to:	以下人士應佔全面收益／ (虧損)總額：		
Owners of the Company	公司擁有人	(62,962)	204,367
Non-controlling interests	非控股權益	157,028	278,918
		94,066	483,285
Earnings per share	每股盈利	HK cents 港仙	HK cents 港仙
— Basic	— 基本	3.847	4.060
— Diluted	— 攤薄	3.847	4.056

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Interim Results

中期業績

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

簡明綜合財務狀況表

於二零二零年六月三十日

		Notes 附註	30.6.2020 二零二零年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	31.12.2019 二零一九年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Assets	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	8,088,503	8,068,912
Right-of-use assets	使用權資產		500,291	499,190
Exploration and evaluation assets	勘探及評估資產		145,615	153,063
Intangible assets	無形資產		964,294	970,166
Investments accounted for using the equity method	使用權益法入賬之投資		372,503	378,823
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之財務資產		695,894	693,942
Other non-current assets	其他非流動資產		1,155,783	1,195,673
Deferred tax assets	遞延稅項資產		11,600	8,968
			11,934,483	11,968,737
Current assets	流動資產			
Inventories	存貨		221,645	262,850
Contract assets, deposits, trade and other receivables	合約資產、按金、貿易及其他應收款項	12	1,869,195	1,777,940
Current tax recoverable	當期可收回稅項		5,868	6,168
Time deposits with maturity over three months	存款期超過三個月之定期存款		500,310	295,590
Cash and cash equivalents	現金及現金等值項目		2,657,793	2,521,199
			5,254,811	4,863,747
Total assets	總資產		17,189,294	16,832,484

Interim Results

中期業績

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2020

簡明綜合財務狀況表(續)

於二零二零年六月三十日

		Notes 附註	30.6.2020 二零二零年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	31.12.2019 二零一九年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Liabilities	負債			
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	13	1,266,444	1,289,056
Contract liabilities	合約負債		1,549,763	1,571,197
Short-term borrowings	短期借貸		1,748,556	1,408,814
Current tax payable	當期應付稅項		237,102	236,649
Lease liabilities	租賃負債		15,167	12,761
			4,817,032	4,518,477
Non-current liabilities	非流動負債			
Senior notes	優先票據		5,421,397	5,411,161
Long-term borrowings	長期借貸		19,413	26,466
Lease liabilities	租賃負債		55,888	48,113
Deferred tax liabilities	遞延稅項負債		229,596	237,408
Assets retirement obligation	資產報廢承擔		143,033	147,844
			5,869,327	5,870,992
Total liabilities	負債總額		10,686,359	10,389,469
Equity	權益			
Equity attributable to owners of the Company	公司擁有人應佔權益			
Share capital	股本	14	57,670	57,670
Reserves	儲備		3,337,967	3,400,614
			3,395,637	3,458,284
Non-controlling interests	非控股權益		3,107,298	2,984,731
Total equity	權益總額		6,502,935	6,443,015
Total equity and liabilities	權益及負債總額		17,189,294	16,832,484

Interim Results

中期業績

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

簡明綜合權益變動表

截至二零二零年六月三十日止六個月

		Attributable to owners of the Company 公司擁有人應佔									
		Shares held for share award scheme 為股份獎勵 計劃所持股份			Other reserves 其他儲備	Exchange fluctuation reserve 匯兌波動儲備	Share-based compensation reserve 以股份為基礎 之酬金儲備	Retained profits 保留溢利	Total	Non- controlling interests 非控股權益	Total equity 權益總額
		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	share award scheme 計劃所持股份 HK\$'000 千港元	Other reserves 其他儲備 HK\$'000 千港元	Exchange fluctuation reserve 匯兌波動儲備 HK\$'000 千港元	Share-based compensation reserve 以股份為基礎 之酬金儲備 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Total	Non- controlling interests 非控股權益 HK\$'000 千港元	Total equity 權益總額 HK\$'000 千港元
At 1 January 2020	於二零二零年一月一日	57,670	13,208	(420,202)	1,460,743	(572,108)	11,241	2,907,732	3,458,284	2,984,731	6,443,015
Profit for the period	期內溢利	-	-	-	-	-	-	189,741	189,741	236,032	425,773
Other comprehensive income:	其他全面收益：										
Exchange differences on translating foreign operations	換算海外業務之匯兌差額	-	-	-	-	(205,795)	-	-	(205,795)	(79,004)	(284,799)
Changes in value of equity instruments at fair value through other comprehensive income	按公平值計入其他全面收益之權益工具價值變動	-	-	-	(15,714)	-	-	-	(15,714)	-	(15,714)
Changes in value of debt instruments at fair value through other comprehensive income	按公平值計入其他全面收益之債務工具價值變動	-	-	-	(31,194)	-	-	-	(31,194)	-	(31,194)
Total comprehensive income/(loss) for the period	期內全面收益／(虧損)總額	-	-	-	(46,908)	(205,795)	-	189,741	(62,962)	157,028	94,066
Transfer at fair value gain on equity investment at fair value through other comprehensive income to retained profit upon disposal	於出售時轉撥按公平值計入其他全面收益之股本投資公平值收益至保留溢利	-	-	-	419	-	-	(419)	-	-	-
Vesting of shares under share award scheme	根據股份獎勵計劃歸屬股份	-	-	197	-	-	-	-	197	-	197
Shares purchased for share award scheme	為股份獎勵計劃購買股份	-	-	118	-	-	-	-	118	-	118
Dividend paid to non-controlling interests	支付股息予非控股權益	-	-	-	-	-	-	-	-	(34,461)	(34,461)
At 30 June 2020	於二零二零年六月三十日	57,670	13,208	(419,887)	1,414,254	(777,903)	11,241	3,097,054	3,395,637	3,107,298	6,502,935

Interim Results

中期業績

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2020

簡明綜合權益變動表(續)

截至二零二零年六月三十日止六個月

		Attributable to owners of the Company 公司擁有人應佔									
		Share capital	Share premium	Shares held for share award scheme	Other reserves	Exchange fluctuation reserve	Share-based compensation reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	為股份獎勵計劃所持股份	其他儲備	匯兌波動儲備	以股份為基礎之酬金儲備	保留溢利	總額	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2019	於二零一九年一月一日	58,391	32,333	(420,686)	1,473,159	(533,702)	9,440	2,576,972	3,195,907	2,716,153	5,912,060
Profit for the period	期內溢利	-	-	-	-	-	-	202,967	202,967	278,273	481,240
Other comprehensive income:	其他全面收益：										
Exchange differences on translating foreign operations	換算海外業務之匯兌差額	-	-	-	-	2,790	-	-	2,790	645	3,435
Changes in value of equity instruments at fair value through other comprehensive income	按公平值計入其他全面收益之權益工具價值變動	-	-	-	(29,142)	-	-	-	(29,142)	-	(29,142)
Changes in value of debt instruments at fair value through other comprehensive income	按公平值計入其他全面收益之債務工具價值變動	-	-	-	27,752	-	-	-	27,752	-	27,752
Total comprehensive income/(loss) for the period	期內全面收益/(虧損)總額	-	-	-	(1,390)	2,790	-	202,967	204,367	278,918	483,285
Transfer at fair value gain on equity investment at fair value through other comprehensive income to retained profit upon disposal	於出售時轉撥按公平值計入其他全面收益之股本投資公平值收益至保留溢利	-	-	-	179	-	-	1,108	1,287	-	1,287
Vesting of shares under share award scheme	根據股份獎勵計劃歸屬股份	-	-	483	-	-	1,292	-	1,775	-	1,775
Shares purchased for share award scheme	為股份獎勵計劃購買股份	-	-	3,337	-	-	-	-	3,337	-	3,337
Value of employee services	僱員服務價值	-	-	-	-	-	-	-	-	-	-
Capital injection by non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	16,839	16,839
Dividend paid to non-controlling interests	支付股息予非控股權益	-	-	-	-	-	-	-	-	(25,002)	(25,002)
Final dividend for the year ended 31 December 2018	截至二零一八年十二月三十一日止年度之末期股息	-	-	-	(23,357)	-	-	(89,142)	(112,499)	-	(112,499)
At 30 June 2019	於二零一九年六月三十日	58,391	32,333	(416,866)	1,448,591	(530,912)	10,732	2,691,905	3,294,174	2,986,908	6,281,082

Interim Results 中期業績

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

簡明綜合現金流量表

截至二零二零年六月三十日止六個月

		Unaudited 未經審核 (6 months) 1.1–30.6.2020 (六個月) 二零二零年 一月一日至 六月三十日 HK\$'000 千港元	Unaudited 未經審核 (6 months) 1.1–30.6.2019 (六個月) 二零一九年 一月一日至 六月三十日 HK\$'000 千港元
Net cash generated from operating activities	經營活動產生之現金淨額	548,232	453,146
Net cash used in investing activities	投資活動所用之現金淨額	(627,185)	(304,585)
Net cash generated/(used in) from financing activities	融資活動所得／(所用)之現金淨額	293,211	(318,403)
Net increase/(decrease) in cash and cash equivalents	現金及現金等值項目增加／(減少)淨額	214,258	(169,842)
Cash and cash equivalents at beginning of the period	期初現金及現金等值項目	2,521,199	2,508,223
Effect of foreign exchange rate changes	匯率變動影響	(77,664)	3,435
Cash and cash equivalents at end of the period	期終現金及現金等值項目	2,657,793	2,341,816

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

(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”); and 3) development, production and sale of oil and gas and other upstream energy resources. 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 Appendix 16 to 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 2019.

簡明綜合財務報表附註

截至二零二零年六月三十日止六個月

(1) 一般資料

中油燃氣集團有限公司(「公司」)為於百慕達註冊成立之獲豁免有限公司，而其股份在香港聯合交易所有限公司(「聯交所」)上市。公司註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。香港之主要營業地點之地址為香港銅鑼灣告士打道255–257號信和廣場28樓2805室。公司為一間投資控股公司，其附屬公司主要於中華人民共和國(「中國」)及加拿大阿爾伯塔省中西部多個地區從事能源相關業務之投資，包括但不限於：1)城市管道燃氣營運、管道設計及建造；2)壓縮天然氣(「CNG」)及液化天然氣(「LNG」)之運輸、分銷及銷售；及3)石油及天然氣等上游能源資源勘探開發、生產及銷售。公司及其附屬公司統稱為「集團」。

(2) 編製基準

集團之未經審核簡明綜合中期財務報表乃依據香港會計師公會(「香港會計師公會」)頒佈之香港會計準則(「香港會計準則」)第34號「中期財務報告」及聯交所證券上市規則附錄十六而編製。此等中期財務報表應與集團截至二零一九年十二月三十一日止年度之經審核財務報表一併閱讀。

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(continued) (續)

(3) SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than the changes of accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and application of hedge accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

In the current period, the Group has applied the Amendments to Reference to the Conceptual Framework in HKFRSs that are mandatorily effective for the current period and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

(3) 重大會計政策

除若干物業及金融工具根據公平值(倘適用)計量外，簡明綜合財務報表乃根據歷史成本基準編製而成。

除應用香港財務報告準則(「香港財務報告準則」)修訂所產生的會計政策變動及應用適用於集團的對沖會計政策外，簡明綜合財務報表採用之會計政策及計算方法與編製集團截至二零一九年十二月三十一日止年度之年度財務報表所採用者相同。

於本期間，集團已應用本期間強制生效的對香港財務報告準則中概念框架的提述之修訂，並首次應用以下由香港會計師公會頒佈的經修訂香港財務報告準則，有關準則於二零二零年一月一日或之後年度開始強制生效以編製集團之簡明綜合財務報表：

香港會計準則第1號及香港會計準則第8號(修訂本)	重大的定義
香港財務報告準則第3號(修訂本)	業務的定義
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號(修訂本)	利率基準改革

於本期內採用對香港財務報告準則中概念框架的提述之修訂以及經修訂的香港財務報告準則對集團本期或前期業績及財務狀況及／或簡明綜合財務報表所披露並無重大影響。

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(continued) (續)

(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; and exploitation and production of crude oil and natural gas.

The Group has presented the following three reportable segments for the six months ended 30 June 2020:

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

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 2020 and 2019 is set out below:

(4) 營業額及分部資料

集團根據定期向執行董事匯報供資源分配及表現評估之內部財務資料識別其經營分部及編製分部資料，並更多側重於銷售天然氣、燃氣管道建造及接駁以及開採及生產原油及天然氣。

於截至二零二零年六月三十日止六個月，集團已呈列以下三個可報告經營分部：

- 銷售及輸送天然氣及其他相關產品
- 燃氣管道建造及接駁
- 開採及生產原油及天然氣

截至二零二零年及二零一九年六月三十日止六個月，向執行董事提供以用作資源分配及分部表現評估之集團可報告分部相關資料載列如下：

Interim Results 中期業績

(continued) (續)

(4) REVENUE AND SEGMENT INFORMATION (Continued)

Business Segments

For the six months ended 30 June 2020:

(4) 營業額及分部資料(續)

業務分部

截至二零二零年六月三十日止六個月：

		Sales and distribution of natural gas and other related products 銷售及輸送天然氣及其他相關產品 HK\$'000 千港元	Gas pipeline construction and connection 燃氣管道建造及接駁 HK\$'000 千港元	Exploitation and production of crude oil and natural gas 開採及生產原油及天然氣 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Segment revenue and results	分部營業額及業績				
Segment revenue	分部營業額				
Recognised at a point in time	於某一時間點確認	4,184,693	–	134,156	4,318,849
Recognised over time	於一段時間內確認	–	335,052	–	335,052
Sales to external customers	外部客戶銷售額	4,184,693	335,052	134,156	4,653,901
Segment results	分部業績	443,848	168,765	9,449	622,062
Finance income	財務收入				97,626
Other losses, net	其他虧損，淨額				(11,999)
Finance costs	財務費用				(119,396)
Share of losses of investments accounted for using the equity method	分佔使用權益法入賬之投資虧損				(3,043)
Unallocated corporate expenses	未分配企業開支				(54,670)
Profit before taxation	除稅前溢利				530,580
Taxation	稅項				(104,807)
Profit for the period	期內溢利				425,773

Interim Results

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(continued) (續)

(4) REVENUE AND SEGMENT INFORMATION (Continued)

Business Segments (Continued)

For the six months ended 30 June 2019:

(4) 營業額及分部資料(續)

業務分部(續)

截至二零一九年六月三十日止六個月：

		Sales and distribution of natural gas and other related products 銷售及輸送 天然氣及其他 相關產品 HK\$'000 千港元	Gas pipeline construction and connection 燃氣管道 建造及接駁 HK\$'000 千港元	Exploitation and production of crude oil and natural gas 開採及 生產原油及 天然氣 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Segment revenue and results	分部營業額及業績				
Segment revenue	分部營業額				
Recognised at a point in time	於某一時間點確認	4,626,383	–	218,873	4,845,256
Recognised over time	於一段時間內確認	–	301,868	–	301,868
Sales to external customers	外部客戶銷售額	4,626,383	301,868	218,873	5,147,124
Segment results	分部業績	423,726	160,465	69,553	653,744
Finance income	財務收入				78,550
Other gains, net	其他收益，淨額				6,541
Finance costs	財務費用				(116,773)
Share of losses of investments accounted for using the equity method	分佔使用權益法入賬之 投資虧損				(16)
Unallocated corporate expenses	未分配企業開支				(52,586)
Profit before taxation	除稅前溢利				569,460
Taxation	稅項				(88,220)
Profit for the period	期內溢利				481,240

Interim Results 中期業績

(continued) (續)

(4) REVENUE AND SEGMENT INFORMATION (Continued)

Business Segments (Continued)

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

Assets

Hong Kong	香港
Mainland China	中國內地
Canada	加拿大
Total	合計
Unallocated	未分配
Investments accounted for using the equity method	使用權益法入賬之投資
Deferred tax assets	遞延稅項資產
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之財務資產
Total assets	總資產

(4) 營業額及分部資料(續)

業務分部(續)

集團按地區市場劃分之資產之分析載列如下：

資產

At 30.6.2020 於二零二零年 六月三十日 Total assets 總資產 HK\$'000 千港元	At 31.12.2019 於二零一九年 十二月三十一日 Total assets 總資產 HK\$'000 千港元
142,699	139,269
13,611,198	13,111,217
2,355,400	2,500,265
16,109,297	15,750,751
372,503	378,823
11,600	8,968
695,894	693,942
17,189,294	16,832,484

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(continued) (續)

(5) OTHER INCOME

		Unaudited 未經審核 (6 months) 1.1–30.6.2020 (六個月) 二零二零年 一月一日至 六月三十日 HK\$'000 千港元	Unaudited 未經審核 (6 months) 1.1–30.6.2019 (六個月) 二零一九年 一月一日至 六月三十日 HK\$'000 千港元
Dividend income from listed securities	上市證券股息收入	690	534
Government subsidies	政府補貼	627	2,121
Rental income	租金收入	5,044	4,476
Service income	服務收入	5,922	5,254
Others	其他	3,872	5,673
		16,155	18,058

(5) 其他收入

(6) OTHER (LOSSES)/GAINS, NET

		Unaudited 未經審核 (6 months) 1.1–30.6.2020 (六個月) 二零二零年 一月一日至 六月三十日 HK\$'000 千港元	Unaudited 未經審核 (6 months) 1.1–30.6.2019 (六個月) 二零一九年 一月一日至 六月三十日 HK\$'000 千港元
(Loss)/gain on disposal of fixed assets	出售固定資產(虧損)/收益	(2,318)	1,104
(Loss)/gain on disposal of financial assets at fair value through other comprehensive income	出售按公平值計入其他全面收益的財務資產之(虧損)/收益	(9,681)	5,437
		(11,999)	6,541

(6) 其他(虧損)/收益，淨額

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(continued) (續)

(7) FINANCE INCOME AND COSTS

		Unaudited 未經審核 (6 months) 1.1–30.6.2020 (六個月) 二零二零年 一月一日至 六月三十日 HK\$'000 千港元	Unaudited 未經審核 (6 months) 1.1–30.6.2019 (六個月) 二零一九年 一月一日至 六月三十日 HK\$'000 千港元
Finance income from:	財務收入來自：		
Interest income on bank deposits	銀行存款之利息收入	45,204	45,675
Loan to an associate	貸款予聯營公司	52,422	32,411
Loan to a third parties	貸款予第三方	–	464
		97,626	78,550
Finance costs from:	財務費用來自：		
Bank borrowings	銀行借款	(29,279)	(45,167)
Other borrowings	其他借款	(88,630)	(71,606)
Lease liabilities	租賃負債	(1,487)	–
		(119,396)	(116,773)
Finance costs, net	財務費用，淨額	(21,770)	(38,223)

(8) 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 (2019: 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% (2019: 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% (2019: 5%).

(7) 財務收入及費用

(8) 稅項

由於集團並無任何須在期內繳納香港利得稅之應課稅溢利，故並無就香港利得稅作出撥備(二零一九年：無)。

根據相關中國企業所得稅法及條例，自二零零八年一月一日起，就公司中國附屬公司所賺取之溢利宣派股息按10% (二零一九年：10%)之稅率繳納預扣稅。若干擁有香港業務且直接擁有中國附屬公司至少25%股本之集團實體享有5% (二零一九年：5%)之較低預扣稅。

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(continued) (續)

(8) TAXATION (Continued)

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% (2019: 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% (2019: 15%).

Canada income tax has been provided for at the rate of 27% on the estimated assessable profits for the year (2019: 27%), which represented the tax rate in Alberta, Canada and the Canada's federal tax rate of 12% (2019: 12%) and 15% (2019: 15%) respectively.

Taxation on overseas (other than Hong Kong and PRC) 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.

(8) 稅項(續)

根據相關中國企業所得稅法律、規例及實施細則，中國內地附屬公司須按稅率25%（二零一九年：25%）繳納中國企業所得稅。若干附屬公司享有稅務優惠及寬免，據此，該等附屬公司之溢利以優惠所得稅稅率15%（二零一九年：15%）納稅。

年內加拿大所得稅乃按27%對估計應課稅溢利計提（二零一九年：27%），即阿爾伯塔省及加拿大聯邦稅率分別為12%（二零一九年：12%）及15%（二零一九年：15%）。

海外（除香港及中國外）溢利乃以集團經營所在司法權區適用現行稅率按年內估計應課稅溢利計算稅項。

		Unaudited 未經審核 (6 months) 1.1–30.6.2020 (六個月) 二零二零年 一月一日至 六月三十日 HK\$'000 千港元	Unaudited 未經審核 (6 months) 1.1–30.6.2019 (六個月) 二零一九年 一月一日至 六月三十日 HK\$'000 千港元
Current tax:	本期稅項：		
PRC corporate income tax	中國企業所得稅	104,928	99,062
Overseas taxation	海外稅項	—	—
Under provision in prior years	過往年度撥備不足	—	—
		104,928	99,062
Deferred tax	遞延稅項	(121)	(10,842)
Taxation	稅項	104,807	88,220

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(continued) (續)

(9) EARNINGS PER SHARE

- (a) The calculation of basic earnings per share is based on the Group's profit attributable to owners of the Company of approximately HK\$189,741,000 (six months ended 30 June 2019: HK\$202,967,000) and weighted average number of ordinary shares in issue less shares held under share award scheme during the Period of approximately 4,932,171,000 shares (six months ended 30 June 2019: 4,999,509,000 shares).
- (b) Diluted earnings per share is calculated based on the profit attributable to owners of the Company of approximately HK\$189,741,000 (six months ended 30 June 2019: HK\$202,967,000), and the weighted average number of ordinary shares of approximately 4,932,171,000 shares (six months ended 30 June 2019: 5,003,947,000 shares) which is the weighted average number of ordinary shares in issue less shares held under share award scheme during the Period plus the weighted average number of dilutive potential ordinary shares in respect of share options of approximately Nil shares (six months ended 30 June 2019: 2,905,000 shares) deemed to be issued at no consideration if all outstanding share options granted had been exercised and the effect of awarded shares of approximately Nil shares (six months ended 30 June 2019: 1,533,000 shares).

(10) DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2020 (2019: Nil).

(9) 每股盈利

- (a) 每股基本盈利乃根據公司擁有人應佔集團溢利約189,741,000港元(截至二零一九年六月三十日止六個月: 202,967,000港元)及期內已發行普通股減股份獎勵計劃項下所持股份後之加權平均數約4,932,171,000股(截至二零一九年六月三十日止六個月: 4,999,509,000股)而計算。
- (b) 每股攤薄盈利乃根據公司擁有人應佔溢利約189,741,000港元(截至二零一九年六月三十日止六個月: 202,967,000港元)及普通股加權平均數約4,932,171,000股(截至二零一九年六月三十日止六個月: 5,003,947,000股)計算。該普通股加權平均數為期內已發行普通股減股份獎勵計劃項下所持股份後之加權平均數再加上倘行使所有已授出但尚未行使之購股權而被視為將以零代價發行之購股權涉及的潛在攤薄普通股加權平均數約零股(截至二零一九年六月三十日止六個月: 2,905,000股)及獎勵股份約零股(截至二零一九年六月三十日止六個月: 1,533,000股)。

(10) 股息

董事局決議不宣派截至二零二零年六月三十日止六個月之任何中期股息(二零一九年: 無)。

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(continued) (續)

(11) PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment amounting to HK\$444,155,000 (six months ended 30 June 2019: HK\$427,230,000) and disposed of property, plant and equipment with net book value of HK\$3,850,000 (six months ended 30 June 2019: HK\$37,958,000).

(11) 物業、廠房及設備

截至二零二零年六月三十日止六個月，集團收購物業、廠房及設備444,155,000港元(截至二零一九年六月三十日止六個月：427,230,000港元)及出售物業、廠房及設備賬面淨值為3,850,000港元(截至二零一九年六月三十日止六個月：37,958,000港元)。

(12) CONTRACT ASSETS, DEPOSITS, TRADE AND OTHER RECEIVABLES

(12) 合約資產、按金、貿易及其他應收款項

		Unaudited 未經審核 At 30.6.2020 於二零二零年 六月三十日 HK\$'000 千港元	Audited 經審核 At 31.12.2019 於二零一九年 十二月三十一日 HK\$'000 千港元
Trade receivables	貿易應收賬款	716,349	487,627
Other receivables, deposits and prepayments	其他應收款項、按金及預付款項	1,152,846	1,290,313
		1,869,195	1,777,940
The ageing analysis of trade receivables based on invoice date is as follows:			
Up to 3 months	三個月以內	621,954	440,707
3 to 6 months	三個月至六個月	69,531	26,583
Over 6 months	六個月以上	24,864	20,337
Total	合計	716,349	487,627

Interim Results 中期業績

(continued) (續)

(13) TRADE AND OTHER PAYABLES

(13) 貿易及其他應付款項

		Unaudited 未經審核 At 30.6.2020 於二零二零年 六月三十日 HK\$'000 千港元	Audited 經審核 At 31.12.2019 於二零一九年 十二月三十一日 HK\$'000 千港元
Trade payables	貿易應付賬款	410,120	492,869
Other payables and accruals	其他應付款項及應計費用	856,324	796,187
		1,266,444	1,289,056
The ageing analysis of trade payables based on invoice date is as follows:	根據發票日期的貿易應付賬款之 賬齡分析如下：		
Up to 3 months	三個月以內	162,995	391,660
3 to 6 months	三個月至六個月	30,043	39,850
Over 6 months	六個月以上	217,082	61,359
Total	合計	410,120	492,869

(14) SHARE CAPITAL

(14) 股本

		Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
Authorised:	法定：		
Ordinary shares of HK\$0.01 each at 30 June 2019, 31 December 2019 and 30 June 2020	於二零一九年六月三十日、 二零一九年十二月三十一日及 二零二零年六月三十日 每股面值0.01港元之普通股	125,000,000	1,250,000
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.01 each at 30 June 2019, 31 December 2019 and 30 June 2020	於二零一九年六月三十日、 二零一九年十二月三十一日及 二零二零年六月三十日 每股面值0.01港元之普通股	5,767,044	57,670

Interim Results

中期業績

(continued) (續)

(15) PLEDGE OF ASSETS

No material assets of the Group have been pledged as at 30 June 2020 (2019: Nil).

(16) CONTINGENT LIABILITY

As at 30 June 2020, the Group has no material contingent liability (2019: Nil).

(17) APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the Board on 27 August 2020.

(15) 資產抵押

集團於二零二零年六月三十日概無以任何重大資產作抵押(二零一九年：無)。

(16) 或然負債

集團於二零二零年六月三十日並無任何重大或然負債(二零一九年：無)。

(17) 中期財務報表之批准

簡明綜合中期財務報表已於二零二零年八月二十七日獲董事局批准及授權刊發。

Report of the Board

董事局報告

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Since January 2020, the coronavirus disease ("COVID-19") has continued to spread across the world, severely affecting the global economy. Mainland China also faced many adversities such as economic downturn, suspension of production and operations, and policy impacts. Against these backdrops, the Group sized up the situation and analysed the influence right away and responded promptly to the unexpected crisis, effectively containing the impact of the epidemic on itself.

In the first half of 2020, due to factors such as lower upstream gas prices and currency devaluation, the Group recorded a total revenue of HK\$4,654 million (2019: HK\$5,147 million), a period-on-period decrease of 9.6%. The profit of the Group attributable to the owners of the Company was HK\$190 million, representing a period-on-period decrease of 6.5%. Profit attributable to the owners of the Company (excluding other (losses)/gains) increased by 2.7%.

CITY PIPELINE NATURAL GAS BUSINESS

Sales and distribution of natural gas

With the severe effect of the pandemic, the Group's natural gas sales volume recorded to be 2,019 million cubic meters for the first six months of 2020 (2019: 2,016 million cubic meters), flat with the same period last year. Transmission volume was 423 million cubic meters, recorded a 21% drop as compared to the last period.

As most residential users needed to quarantine at home under COVID-19, consumption of residential users increased by 8% from last period's 571 million cubic meters to 617 million cubic meters; with the temporary shut-down of industries and commercials during the pandemic, industrial and commercial users recorded 1,242 million cubic meters (2019: 1,245 million cubic meters), flat with the same period last year; gas consumption of gas stations recorded a decrease from last period's 200 million cubic meters to current period's 160 million cubic meters. Each of the above category representing 30%, 62% and 8% of the total gas sales volume (2019: 28%, 62% and 10%), respectively.

管理層討論及分析

業務回顧

自二零二零年一月以來，新冠肺炎疫情持續爆發，在全球各地蔓延，各國經濟受嚴重影響。中國內地也要面對經濟下行、停產停業、政策影響等諸多不利局面，集團第一時間研判形勢、分析影響，對突發危機做出及時對應，有效遏制了疫情的影響。

二零二零年上半年，受上游天然氣氣價下調及貨幣貶值等因素影響，總營業額46.54億港元（二零一九年：51.47億港元），同比下降9.6%。集團錄得公司擁有人應佔期內溢利1.90億港元，同比減少6.5%。撇除其他（虧損）／收益後，公司擁有人應佔溢利增加2.7%。

城市管道天然氣業務

銷售及輸送天然氣

受疫情嚴重影響，集團截至二零二零年前六個月的天然氣銷量錄得20.19億立方米（二零一九年：20.16億立方米），與去年同期持平。管輸量錄得4.23億立方米，較去年同期錄得跌幅21%。

由於新冠肺炎疫情期間大多數居民用戶需要居家隔離，居民用戶銷氣量較上期的5.71億立方米增加8%至6.17億立方米；而因該期間工商業停工停產，工商業用戶錄得12.42億立方米（二零一九年：12.45億立方米）用量，與去年同期持平；加氣站用量從上期的2.0億立方米減少至本期的1.6億立方米。上述各類用量分別佔總銷氣量的30%、62%及8%（二零一九年：28%、62%及10%）。

Report of the Board

董事局報告

(continued) (續)

Development of new users

For the first six months of 2020, the Group connected 65,475 (2019: 49,346) new residential users, representing a period-to-period increase of 33% and the accumulated connections of residential users were 1,531,891. Total connections for industrial and commercial users were 874 (2019: 557), representing a period-to-period increase of 57% and the accumulated connections of industrial and commercial users were 13,598.

New project expansion

During the first half of 2020, while promoting organic growth from existing projects, the Group also conducted thorough inspections on the areas surrounding the natural gas pipelines and the coastal areas. During the period, the Group has successfully obtained two concession rights projects, namely: Penggao Town of Pingxiang City in Jiangxi Province, together with Zhangye Economic and Technological Development Zone in Gansu Province. As at 8 July 2020, the Group acquired another three concession rights projects in Jishan County, Wanrong County and Ruicheng County of Yuncheng City, Shanxi Province. The Group has established a total of 135 natural gas project companies in 16 provinces and autonomous regions, with 73 concession rights in the PRC.

新用戶開發

二零二零年前六個月，集團新增居民用戶65,475戶(二零一九年：49,346戶)，較同期增加33%，累計接駁的居民用戶達到1,531,891戶。新增工商業用戶合計874戶(二零一九年：557戶)，較去年同期增加57%，累計接駁的工商業用戶為13,598戶。

新項目拓展

於二零二零年上半年，集團於推動現有項目內部增長的同時，亦對天然氣管道周邊區域及沿海地區進行全面考察。期內，集團已成功獲取兩項特許經營權項目，即江西省萍鄉市彭高鎮及甘肅省張掖經濟技術開發區的特許經營權。於二零二零年七月八日，集團收購了山西省運城市稷山縣、萬榮縣及芮城縣共三項特許經營權項目。集團於中國16個省及自治區成立天然氣項目公司共135家，擁有73項特許經營權。

Report of the Board 董事局報告

(continued) (續)

EXPLOITATION AND PRODUCTION OF CRUDE OIL AND NATURAL GAS BUSINESS

The Group's production in the first half of 2020 was 5,305 barrels of oil equivalent per day ("boe/d"), a decrease of 5% from 5,577 boe/d in the comparable period of 2019.

During the first half of 2020, the Group drilled three (2.8 net) wells, and completed and tied in two (1.1 net) additional wells drilled in late 2019. Due to the decline in commodity prices, the Group delayed production from these wells until prices recovered.

Reference crude oil prices were 36% lower in the first half of 2020, with West Texas Intermediate ("WTI") averaging US\$36.96 per barrel compared with US\$57.38 per barrel in the first half of 2019. The WTI price weakened in the first half of 2020 as reductions in global economic activity due to COVID-19 resulted in a large decrease in demand for crude oil. The Group realized a crude oil price of CAD41.27 per barrel in 2020 compared to CAD67.87 per barrel in 2019. Natural gas prices strengthened in 2020 as reduced Canadian natural gas production volumes, as a result of shut-in crude oil production, provided support to natural gas prices.

BUSINESS PROSPECT

In the first half of 2020, most industrial and commercial customers had to suspend operations and production due to COVID-19, leading to the unsatisfactory gas sales volume of the Group. The Group, however, secured five concession right projects, indicating coexistence of opportunities and challenges. In 2020, the revolution of China's oil and gas industry will enter into the implementation stage with policies being applied. NDRC suggested that natural gas price as "viewing marketization of the natural gas industry as a revolution" and other positive policies. With the resumption of work and production and the central government's introduction of various measures such as tax incentives and economic stimulus measures, the Group's natural gas business will have a bright future. It will continue to explore new markets, reinforce its presence in the existing markets, enhance its team building, and grasp the rising opportunities. Facing challenges, the Group will uphold the objectives of "creating value for our customers, creating future for our employees and creating rewards for our shareholders" and strive to develop into a clean energy company with international influence.

開採及生產原油及天然氣業務

集團於二零二零年上半年的日產量為5,305桶油當量，較二零一九年同期的5,577桶油當量減少5%。

於二零二零年上半年，集團鑽探了三口（淨鑽2.8口）井，並完成及接受了於二零一九年底鑽探的兩口（淨鑽1.1口）井。因商品價格下跌，集團延遲此等油井的生產，直至價格恢復為止。

於二零二零年上半年的參考原油價格下跌36%，西德州中級原油平均價格為每桶36.96美元，而二零一九年上半年為每桶57.38美元。因新冠肺炎疫情導致原油需求大幅縮減，全球經濟活動減少，故西德州中級原油價格於二零二零年上半年呈疲弱狀態。於二零二零年，集團實現原油價格每桶41.27加元，而於二零一九年為每桶67.87加元。因原油關井停產，加拿大天然氣產量減少，為天然氣價格提供了支撐，故天然氣價格於二零二零年走強。

業務展望

二零二零年上半年，受新冠肺炎疫情影響，大部分工業及商業客戶需要停工停產，導致集團上半年的銷氣量未如理想，但成功爭取了五個特許經營權項目，可見機遇與挑戰是並存的。二零二零年，中國油氣產業改革將進入政策落地實施階段，國家發改委提出天然氣價格「視天然氣市場化改革進程適時放開由市場形成」等有利政策導向，隨着企業相繼復工復產、國家政府推出各樣的稅收優惠及刺激經濟等措施，集團的天然氣業務將會前途光明，同時繼續開拓新市場及深耕存量市場，加強隊伍建設，把握機遇，迎接挑戰，牢記「為客戶創造價值，為員工創造前途，為股東創造回報」的宗旨，將集團建設成國際有影響力的清潔能源公司。

Report of the Board

董事局報告

(continued) (續)

FINANCIAL REVIEW

For the six months ended 30 June 2020, the Group recorded revenue of HK\$4,654 million, representing a decrease of 9.6% from HK\$5,147 million for the six months ended 30 June 2019.

The total revenue combined by three segments, namely (1) sales and distribution of natural gas and other related product, (2) gas pipeline construction and connection and (3) exploitation and production of crude oil and natural gas, amounted to HK\$4,185 million, HK\$335 million and HK\$134 million respectively (2019: 4,626 million, HK\$302 million and HK\$219 million respectively).

The Group's overall gross profit amounted to HK\$749 million (2019: HK\$786 million), the overall gross margin rose by 5.3% to 16.1% (2019: 15.3%) due to the Group's effective optimization of cost structure; Profit for the Period attributable to the owners of the Company was HK\$190 million, represented a decrease of 6.5%. Excluding other (losses)/gains items, core earnings increased by 2.7%.

Administrative expenses were HK\$159 million (2019: HK\$174 million) as compared to a decrease of 8.7% for the same period last year, the proportion of administrative expenses to revenue was remained at 3.4% with selling and distribution costs recorded a slightly increase.

Finance costs (net of capitalization) increase slightly from the last corresponding period's HK\$117 million to HK\$119 million. The Group's weighted average cost of all indebtedness (including bank borrowings, other borrowings and senior notes) as at 30 June 2020 was 5.26% (2019: 4.18%).

財務回顧

於截至二零二零年六月三十日止六個月，集團錄得營業額46.54億港元，對比截至二零一九年六月三十日止六個月的51.47億港元，錄得9.6%減少。

總營業額分為三個分部，(1)銷售及輸送天然氣及其他相關產品，(2)燃氣管道建造及接駁及(3)開採及生產原油及天然氣，分別為41.85億港元、3.35億港元及1.34億港元(二零一九年：分別為46.26億港元、3.02億港元及2.19億港元)。

集團整體毛利為7.49億港元(二零一九年：7.86億港元)，集團有效優化成本結構，整體毛利率上升5.3%至16.1%(二零一九年：15.3%)；公司擁有人應佔期內溢利為1.90億港元，減少6.5%。扣除其他(虧損)/收益項目後的核心盈利增加2.7%。

行政開支為1.59億港元(二零一九年：1.74億港元)比去年同期減少8.7%，行政開支佔營業額比例維持於3.4%，銷售及分銷費用錄得輕微增加。

財務費用(扣除資本化)由去年同期的1.17億港元略增至1.19億港元。集團於二零二零年六月三十日之所有債務(包括銀行借貸、其他借貸及優先票據)的加權平均成本為5.26%(二零一九年：4.18%)。

Report of the Board 董事局報告

(continued) (續)

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 and acquire projects. As at 30 June 2020, the Group's total indebtedness (including bank borrowings, other borrowings and senior notes) amounted to HK\$7,189 million (31 December 2019: HK\$6,846 million).

As at 30 June 2020, the Group had cash and cash equivalents of HK\$2,658 million (31 December 2019: HK\$2,521 million). Total assets were HK\$17,189 million (31 December 2019: HK\$16,832 million), in which current assets were HK\$5,255 million (31 December 2019: HK\$4,864 million). Total liabilities of the Group were HK\$10,686 million (31 December 2019: HK\$10,389 million), in which current liabilities were HK\$4,817 million (31 December 2019: HK\$4,518 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 23.5% (31 December 2019: 24.0%). The Group's financial and liquidity remain stable, and well prepared for the development in the next half of 2020.

For the six months ended 30 June 2020, the Group's net cash generated from operating activities amounted to HK\$548 million (six months ended 30 June 2019: HK\$453 million), a period-on-period increase of 21.0%.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group employed a total of 3,766 (31 December 2019: 3,693) full-time employees, most of whom were stationed in the PRC. Total staff cost for the Period amounted to HK\$152 million (2019: HK\$178 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.

流動資金、財務及資本資源

集團的政策為使用經營業務所得現金流量及適當水平的借貸，作為主要資金來源，以用於擴展業務及收購項目。於二零二零年六月三十日，集團的債務總額(包括銀行借貸、其他借貸及優先票據)為71.89億港元(二零一九年十二月三十一日：68.46億港元)。

於二零二零年六月三十日，集團的現金及現金等值項目為26.58億港元(二零一九年十二月三十一日：25.21億港元)。總資產為171.89億港元(二零一九年十二月三十一日：168.32億港元)，其中流動資產為52.55億港元(二零一九年十二月三十一日：48.64億港元)。集團之總負債為106.86億港元(二零一九年十二月三十一日：103.89億港元)，其中流動負債為48.17億港元(二零一九年十二月三十一日：45.18億港元)。集團的淨債務對資產比率(總債務減現金及定期存款，除以總資產)為23.5%(二零一九年十二月三十一日：24.0%)。集團的財務及流動資金保持平穩，為集團二零二零年下半年的發展作好充分準備。

截至二零二零年六月三十日止六個月，集團經營活動產生之現金淨額為5.48億港元(二零一九年六月三十日止六個月：4.53億港元)，同比增長21.0%。

僱員及酬金政策

於二零二零年六月三十日，集團共僱用3,766名(二零一九年十二月三十一日：3,693名)全職僱員，其中大部分僱員駐於中國。期內員工總成本為1.52億港元(二零一九年：1.78億港元)。集團根據員工的工作表現、工作經驗及現行市場工資水平釐定其酬金。僱員之總酬金包括基本薪金、現金花紅及股份獎勵。

Report of the Board

董事局報告

(continued) (續)

PLEDGE OF ASSETS

As at 30 June 2020, the Group did not have any outstanding indebtedness secured by assets.

CONTINGENT LIABILITIES

The Group has no material contingent liability as at 30 June 2020.

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 2020, the Group has no material litigation.

資產抵押

於二零二零年六月三十日，集團並無任何未償還債項以資產作抵押。

或然負債

集團於二零二零年六月三十日並無任何重大或然負債。

財務管理及庫務政策

集團之財務風險管理為集團於香港總辦事處之庫務職能。集團庫務政策之主要目標之一為管理其利率及匯率波動風險。集團的政策為不從事投機行為。

集團主要以人民幣經營業務。集團若干銀行存款以港元、人民幣及美元計值，而集團的境外銀行貸款及優先票據則以人民幣，加拿大元及美元計值。

除上述所披露者外，集團並無承受任何重大外匯匯率波動風險。集團並無訂立外匯對沖政策。然而，集團會緊密監察外匯風險及日後可能（視情況及外幣走勢而定）考慮採用重大外匯對沖政策。

訴訟

於二零二零年六月三十日，集團並無牽涉任何重大訴訟。

Report of the Board

董事局報告

(continued) (續)

CAPITAL STRUCTURE

As at 30 June 2020, the issued share capital of the Company was HK\$57,670,438 divided into 5,767,043,834 shares with a nominal value of HK\$0.01 each.

EVENT AFTER REPORTING PERIOD

On 8 July 2020, China Oil and Gas Investment Group Co., Ltd. ("China Oil and Gas Investment"), a wholly-owned subsidiary of the Company, entered into the equity investment agreement (the "Agreement") with Zheng Shejian, Ning Xianguo, Shanxi Tianfengda Energy Group Co., Ltd.* (山西天豐達能源集團有限公司) ("Shanxi Tianfengda"), Jishan County Tianfengda Gas Co., Ltd.* (稷山縣天豐達燃氣有限公司) ("Jishan County Tianfengda"), Wanrong Tianfengda Gas Co., Ltd.* (萬榮縣天豐達燃氣有限公司) ("Wanrong Tianfengda") and Ruicheng County Fengde Gas Co., Ltd.* (芮城縣豐德燃氣有限公司) ("Ruicheng County Fengde"), pursuant to which China Oil and Gas Investment has conditionally agreed to:

- (1) a capital increase of RMB1,480,878 to Jishan County Tianfengda, a capital increase of RMB5,927,197 to Wanrong Tianfengda; and a capital increase of RMB33,901,304 to Ruicheng County Fengde (the "Capital Increase"); and
- (2) acquire (i) the capital contribution of RMB6,555,737 in Jishan County Tianfengda; (ii) the capital contribution of RMB19,221,841 in Wanrong Tianfengda; and (iii) the capital contribution of RMB10,829,609 in Ruicheng County Fengde, which were held by Shanxi Tianfengda

at a total consideration of RMB153,000,000.

Upon completion of the Capital Increase and the registration of the transfer of the capital contribution on 10 July 2020, China Oil and Gas Investment holds 70% equity interest of each of Jishan County Tianfengda, Wanrong Tianfengda and Ruicheng County Fengde. Jishan County Tianfengda, Wanrong Tianfengda and Ruicheng County Fengde become subsidiaries of the Company. The transactions contemplated under the Agreement constituted a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). For further details, please refer to the announcement of the Company dated 8 July 2020.

資本架構

於二零二零年六月三十日，公司已發行股本為57,670,438港元，分為每股面值0.01港元的5,767,043,834股股份。

報告期後事項

於二零二零年七月八日，公司之全資附屬公司中油燃氣投資集團有限公司（「中油燃氣投資」）與鄭社鑒、寧仙果及山西天豐達能源集團有限公司（「山西天豐達」）、稷山縣天豐達燃氣有限公司（「稷山縣天豐達」）、萬榮縣天豐達燃氣有限公司（「萬榮縣天豐達」）及芮城縣豐德燃氣有限公司（「芮城縣豐德」）訂立股權投資協議（「該協議」），據此，中油燃氣投資有條件同意：

- (1) 向稷山縣天豐達增資人民幣1,480,878元；向萬榮縣天豐達增資人民幣5,927,197元；及向芮城縣豐德增資人民幣33,901,304元（「該等增資」）；及
- (2) 收購山西天豐達持有(i)稷山縣天豐達出資額人民幣6,555,737元；(ii)萬榮縣天豐達出資額人民幣19,221,841元；及(iii)芮城縣豐德出資額人民幣10,829,609元

總代價合共人民幣153,000,000元。

於二零二零年七月十日完成該等增資及出資額轉讓變更登記後，中油燃氣投資持有稷山縣天豐達、萬榮縣天豐達及芮城縣豐德各自70%股權。稷山縣天豐達、萬榮縣天豐達及芮城縣豐德成為公司之附屬公司。該協議項下擬進行交易根據聯交所證券上市規則（「上市規則」）第十四章構成公司的一項須予披露交易。詳情請參閱公司日期為二零二零年七月八日的公告。

Report of the Board 董事局報告

(continued) (續)

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2020 (30 June 2019: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2020, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to notify to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), are set out below:

中期股息

董事局決議不宣派截至二零二零年六月三十日止六個月之任何中期股息(二零一九年六月三十日：無)。

董事及主要行政人員於股份、相關股份及債券之權益

於二零二零年六月三十日，董事及公司之主要行政人員於公司或任何相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7及第8分部而須知會公司及聯交所之權益或淡倉(包括根據證券及期貨條例之有關條文彼等被當作或視作擁有之權益或淡倉)；或根據證券及期貨條例第352條須記錄於該條例所述之登記冊之權益或淡倉；或根據上市發行人董事進行證券交易的標準守則(「標準守則」)而須知會公司及聯交所之權益或淡倉載列如下：

Report of the Board

董事局報告

(continued) (續)

Interests in shares, underlying shares and debentures of the Company

於公司股份、相關股份及債券之權益

Name of Director	Capacity	Long position/ short position	Notes	Number of ordinary shares held	Approximate percentage of the Company's issued share capital 佔公司已發行 股本概約百分比	Amount of debentures held
董事姓名	身份	好倉／淡倉	附註	持有普通股數目	股本概約百分比	所持債券金額
Xu Tie-liang	Interest in controlled corporations	Long position	1,2	1,494,634,130	25.92%	US\$3,540,000
許鉄良	受控制法團之權益	好倉				3,540,000美元
	Interest in controlled corporations	Long position	2	—	—	US\$3,500,000
	受控制法團之權益	好倉				3,500,000美元
Guan Yijun	Interest of spouse	Long position	1,2	1,494,634,130	25.92%	US\$3,540,000
關懿君	配偶權益	好倉				3,540,000美元
	Interest of spouse	Long position	2	—	—	US\$1,500,000
	配偶權益	好倉				1,500,000美元
	Interest of controlled corporation	Long position	2	—	—	US\$2,000,000
	受控制法團之權益	好倉				2,000,000美元
Liu Chunsun	Beneficial owner	Long position	3	2,200,000	0.04%	—
劉春筍	實益擁有人	好倉				

Notes:

附註:

- 353,120,130 ordinary shares and 1,141,514,000 ordinary shares of the Company ("Shares") are held through Sino Advance Holdings Ltd ("Sino Advance") and Sino Vantage Management Limited ("Sino Vantage") respectively, both of which were incorporated in the British Virgin Islands with limited liability and are wholly-owned by Sino Best International Group Limited ("Sino Best") (a company incorporated in the British Virgin Islands with limited liability) which in turn is wholly and beneficially owned by Mr. Xu Tie-liang ("Mr. Xu"). Therefore, Mr. Xu is deemed to be interested in 1,494,634,130 Shares pursuant to the SFO. Ms. Guan Yijun ("Ms. Guan") is the spouse of Mr. Xu, therefore, Ms. Guan is also deemed to be interested in 1,494,634,130 Shares pursuant to the SFO.
- (i) An amount of US\$2,000,000 of the US\$350,000,000 4.625% senior notes of the Company due 2022 (the "2022 Notes") is held through Moral High Limited which is owned by Mr. Xu and Ms. Guan 50% each; (ii) an amount of US\$1,500,000 of the 2022 Notes is held through Sino Advance; and (iii) an amount of US\$3,540,000 of the US\$320,000,000 5.5% senior notes of the Company due 2023 is held through Sino Vantage.
- These 2,200,000 Shares include (i) 660,000 Shares held by Mr. Liu Chunsun; and (ii) 1,540,000 derivative shares which are derived from the share options granted under the share option scheme adopted by the Company on 23 November 2011, which carrying right to subscribe for 1,540,000 Shares at the exercise price of HK\$0.46 per share.
- 透過Sino Advance Holdings Ltd ("Sino Advance")及Sino Vantage Management Limited ("Sino Vantage") (該兩間公司均為在英屬維爾京群島註冊成立的有限公司並由中泰國際集團有限公司("中泰國際") (在英屬維爾京群島註冊成立的有限公司)全資擁有，而中泰國際則由許鉄良先生(「許先生」)全資及實益擁有)分別持有公司353,120,130股普通股及1,141,514,000股普通股(「股份」)。因此，根據證券及期貨條例，許先生被視為於1,494,634,130股股份中持有權益。關懿君女士(「關女士」)為許先生之配偶，因此，根據證券及期貨條例，關女士亦被視為於1,494,634,130股股份中持有權益。
- (i)公司350,000,000美元於二零二二年到期之4.625厘優先票據(「二零二二年票據」)中2,000,000美元乃透過德高有限公司(由許先生及關女士分別擁有50%)持有；(ii) 1,500,000美元之二零二二年票據透過Sino Advance持有；及(iii)公司320,000,000美元於二零二三年到期之5.5厘優先票據中3,540,000美元透過Sino Vantage持有。
- 該等2,200,000股股份包括(i)由劉春筍先生持有的660,000股股份；及(ii)來自根據公司於二零一一年十一月二十三日採納的購股權計劃授出購股權的1,540,000股衍生股份，其附帶可以每股0.46港元的行使價認購1,540,000股股份的權利。

Report of the Board

董事局報告

(continued) (續)

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company which were recorded on the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2020.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2020, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that other than the interests disclosed above in respect of certain Directors and chief executives, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Interest in the shares and underlying shares of the Company

Name of shareholder	Capacity	Long position/ short position	Number of Shares held	Approximate percentage of the Company's issued share capital 佔公司 已發行股本之 概約百分比
股東名稱	身份	好倉／淡倉	持有股份數目	
Sino Advance	Beneficial owner	Long position	353,120,130	6.13%
Sino Advance	實益擁有人	好倉		
Sino Vantage	Beneficial owner	Long position	1,141,514,000	19.79%
Sino Vantage	實益擁有人	好倉		
Sino Best	Interest in controlled corporations	Long position	1,494,634,130	25.92%
中泰國際	受控制法團之權益	好倉		

Note: Sino Advance and Sino Vantage are wholly-owned by Sino Best which in turn is wholly and beneficially owned by Mr. Xu. Hence, Mr. Xu is deemed to be interested in the 353,120,130 Shares and 1,140,514,000 Shares held through Sino Advance and Sino Vantage respectively pursuant to the SFO.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2020.

除上文所披露者外，於二零二零年六月三十日，董事或公司之主要行政人員概無於公司股份、相關股份或債券中擁有記錄於根據證券及期貨條例第352條規定須予存置之登記冊，或根據標準守則知會公司及聯交所之任何權益或淡倉。

主要股東

於二零二零年六月三十日，根據證券及期貨條例第336條由公司存置之主要股東登記名冊顯示，除上文所披露若干董事及主要行政人員之權益外，以下股東已通知公司其於公司已發行股本中之相關權益：

於公司股份及相關股份之權益

附註：Sino Advance及Sino Vantage由中泰國際全資擁有，而中泰國際由許先生全資及實益擁有。因此，許先生根據證券及期貨條例被視為於透過Sino Advance及Sino Vantage分別持有之353,120,130股及1,140,514,000股股份中擁有權益。

除上文所披露者外，於二零二零年六月三十日，概無其他人士於根據證券及期貨條例第336條規定須存置之公司登記冊中記錄為於公司之股份或相關股份中擁有權益或淡倉。

Report of the Board

董事局報告

(continued) (續)

SHARE OPTION SCHEME

The Company adopted a new share option scheme (the "New Share Option Scheme") at the special general meeting of the Company held on 23 November 2011. Pursuant to the New Share Option Scheme, the Board may at its discretion offer options to any eligible participant including, but not limited to any person being an employee, executive directors or non-executive directors of the Group or any invested entity (including independent non-executive directors of the Group or any invested entity) and any suppliers, consultants or advisers who will provide or have provided services to the Group or any invested entity.

Details of movements in the share options granted under the New Share Option Scheme are as follows:

Name or category of participants	Exercise price	Date of grant	Exercisable period	Outstanding as at 1 January 2020 於二零二零年一月一日尚未行使	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2020 於二零二零年六月三十日尚未行使
參與者姓名或類別	行使價 (HK\$) (港元)	授出日期	行使期		期內授出	期內行使	期內失效	
Director 董事								
Liu Chunsun	0.46	22/01/2016	22/01/2018 to 21/01/2026	1,540,000	-	-	-	1,540,000
劉春筍	0.46	二零一六年一月二十二日	二零一八年一月二十二日至二零二六年一月二十一日					
Employees	0.46	22/01/2016	22/01/2018 to 21/01/2026	85,020,000	-	-	-	85,020,000
僱員	0.46	二零一六年一月二十二日	二零一八年一月二十二日至二零二六年一月二十一日					
Total 總計				86,560,000	-	-	-	86,560,000

Notes:

These share options are exercisable in the following manner:

- (i) 30% of the share options are exercisable on 22 January 2018;
- (ii) 30% of the share options are exercisable on 22 January 2019; and
- (iii) 40% of the share options are exercisable on 22 January 2020.

購股權計劃

公司於二零一一年十一月二十三日舉行的股東特別大會上採納新購股權計劃(「新購股權計劃」)。根據新購股權計劃，董事局可酌情提呈購股權予任何合資格參與者，包括但不限於集團或任何投資實體之僱員、執行董事或非執行董事(包括集團或任何投資實體之獨立非執行董事)，以及任何將會或曾經為集團或任何投資實體提供服務之供應商、諮詢人或顧問。

根據新購股權計劃授出之購股權變動詳情載列如下：

附註：

該等購股權可按下列方式行使：

- (i) 30%之購股權於二零一八年一月二十二日可行使；
- (ii) 30%之購股權於二零一九年一月二十二日可行使；及
- (iii) 40%之購股權於二零二零年一月二十二日可行使。

Report of the Board 董事局報告

(continued) (續)

These share options were granted on 22 January 2016, the closing price of the shares on 21 January 2016, being the date immediately before the date of grant, was HK\$0.43. During the six months ended 30 June 2020, no share options were granted, cancelled, exercised or lapsed.

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 during the six months ended 30 June 2020, other than those purchased by its trustee for the Restricted Share Award Scheme adopted by the Board on 4 November 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific 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 2020. The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the six months ended 30 June 2020, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviations as explained below.

該等購股權於二零一六年一月二十二日授出，股份於二零一六年一月二十一日(即緊接授出日期前之日)之收市價為0.43港元。於截至二零二零年六月三十日止六個月，並無購股權獲授出、註銷、行使或失效。

購買、贖回或出售公司之上市證券

公司及其任何附屬公司於截至二零二零年六月三十日止六個月概無購買、贖回或出售任何公司上市證券，惟董事局於二零一一年十一月四日採納之限制性股份獎勵計劃之受託人所購買者除外。

董事進行證券交易之標準守則

公司已採納上市規則附錄十所載之標準守則作為其董事進行證券交易之操守守則。經向全體董事作出特定查詢後，公司確認於期內全體董事已遵守標準守則所規定之必守標準。

企業管治常規

截至二零二零年六月三十日止六個月，公司已透過確保妥善運作及檢討集團業務之適當監督及管理程序以及建立良好之企業管治常規及程序，一直致力於向股東履行責任。公司已採納上市規則附錄十四企業管治守則(「企業管治守則」)所載之守則條文作為公司本身之企業管治守則。

於截至二零二零年六月三十日止六個月，公司已遵照企業管治守則所載之相關守則條文，惟下文所述之偏離情況除外。

Report of the Board 董事局報告

(continued) (續)

Code provision A.2.1 of the CG Code provides that the responsibilities between chairman and chief executive officer should be divided. Mr. Xu Tie-liang 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.

Code provision D.1.4 of the CG Code requires that the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors (except for Mr. Xu Tie-liang). However, the Directors shall be subject to retirement by rotation in accordance with the Bye-Laws of the Company. In addition, the Directors are required to refer to the guidelines set out in “A Guide on Directors’ Duties” issued by the Companies Registry and “Guidelines for Directors” and “Guide for Independent Non-executive Directors” (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company’s business and governance policies.

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 2020.

企業管治守則守則條文第A.2.1條訂明主席及行政總裁之職責須有所區分。許鈺良先生為公司主席兼行政總裁。董事局相信，由同一名人士同時擔任主席及行政總裁兩個職位，可確保集團之貫徹領導，有助更有效及高效率地實現集團之整體策略。董事局相信現時之安排不會損害職權及授權兩者間之平衡，而現時由經驗豐富之人才（其中有充足人數擔任獨立非執行董事）組成之董事局亦能確保此平衡。

企業管治守則守則條文第D.1.4條規定公司須具備委任董事之正式函件，當中載明彼等委任之主要條款及條件。公司並無委任董事（除許鈺良先生外）之正式函件。然而，董事須根據公司細則輪值退任。此外，董事須於履行作為董事之職務及責任時參考由公司註冊處刊發之「董事責任指引」及由香港董事學會刊發之「董事指引」及「獨立非執行董事指南」（如適用）所載指引。此外，董事須遵守成文法及普通法、上市規則、法律及其他監管規定以及公司業務及管治政策。

除上述者外，董事認為公司於截至二零二零年六月三十日止六個月內已符合企業管治守則所載之所有相關守則條文。

Report of the Board

董事局報告

(continued) (續)

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 Mr. Li Yunlong (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 2020.

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

Hong Kong, 27 August 2020

審核委員會

公司於一九九八年成立審核委員會，並遵照企業管治守則訂明書面職權範圍，書面職權範圍現已上傳至聯交所網站及公司網站。

審核委員會主要負責就外聘核數師的委任、重新委任及罷免向董事局提供建議；批准外聘核數師的薪酬及聘用條款以及就有關該核數師辭職或辭退該核數師的任何問題提供推薦建議；審閱集團中期及年度報告與財務報表；以及監管公司財務申報制度，包括公司在財務匯報職能方面的資源、員工資歷及經驗是否足夠及員工所接受的培訓課程及有關預算是否充足，以及檢討風險管理及內部監控系統。

審核委員會由三名獨立非執行董事李雲龍先生(主席)、王廣田先生及楊杰先生組成。審核委員會已審閱集團截至二零二零年六月三十日止六個月之未經審核中期財務報表。

承董事局命
中油燃氣集團有限公司
主席
許鉄良

香港，二零二零年八月二十七日



中油燃氣集團有限公司
CHINA OIL AND GAS GROUP LIMITED