中油燃氣集團有限公司*

CHINA OIL AND GAS GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 603)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Oil And Gas Group Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2026 (the "**Period**").

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

DATA HIGHLIGHTS

- The revenue was HK$7,854 million, representing a decrease of 1% as compared with the last corresponding period;

- The overall gross profit margin was 14%, representing an increase of 2% as compared with the last corresponding period; and

- The gross profit amounted to HK$1,093 million, representing an increase of 11% as compared with the last corresponding period.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	4	**7,854,162**	7,889,768
Cost of sales		**(6,761,310)**	(6,903,943)
Gross profit		**1,092,852**	985,825
Other income		**17,376**	11,745
Other loss, net		**(32,109)**	(376)
Selling and distribution costs		**(34,488)**	(30,327)
Administrative expenses		**(269,604)**	(202,467)
Operating profit		**774,027**	764,400
Finance income		**119,158**	100,625
Finance costs		**(238,575)**	(212,602)
Share of profit of investments accounted for using the equity method		**50,029**	44,711
Profit before taxation		**704,639**	697,134
Taxation	5	**(204,010)**	(149,747)
Profit for the Period		**500,629**	547,387
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Currency translation differences		**317,376**	380,092
Changes in value of debt investments at fair value through other comprehensive income		**(1,562)**	(1,278)
Item that will not be reclassified to profit or loss:			
Change in value of equity investments at fair value through other comprehensive income		**2,665**	1,684
Total comprehensive income for the Period		**819,108**	927,885

	Notes	Six months ended 30 June	
		2026	2025
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Profit for the Period attributable to:			
Owners of the Company		**196,201**	250,898
Non-controlling interests		**304,428**	296,489
		500,629	547,387
Total comprehensive income attributable to:			
Owners of the Company		**354,396**	511,422
Non-controlling interests		**464,712**	416,463
		819,108	927,885
		HK cents	*HK cents*
Earnings per share	6		
— Basic		**3.8**	4.8
— Diluted		**3.8**	4.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	**30 June 2026** *HK$'000* **(unaudited)**	31 December 2025 *HK$'000* (audited)
Assets			
Non-current assets			
Investment properties		**146,304**	146,411
Property, plant and equipment		**9,967,900**	9,942,375
Right-of-use assets		**481,378**	474,685
Exploration and evaluation assets		**33,672**	36,352
Intangible assets		**1,037,785**	1,038,789
Investments accounted for using the equity method		**1,699,375**	1,598,882
Financial assets at fair value through other comprehensive income		**244,696**	170,558
Other non-current assets		**1,323,147**	1,289,108
Deferred tax assets		**44,452**	44,328
		14,978,709	14,741,488
Current assets			
Inventories		**187,848**	224,915
Contract assets, deposits, trade and other receivables	8	**1,911,794**	2,029,657
Current tax recoverable		**5,713**	5,879
Time deposits with maturity over three months		**2,636,361**	2,933,828
Cash and cash equivalents		**2,409,327**	2,137,051
		7,151,043	7,331,330
Total assets		**22,129,752**	22,072,818

	Notes	**30 June 2026** *HK$'000* **(unaudited)**	31 December 2025 *HK$'000* (audited)
Liabilities			
Current liabilities			
Trade and other payables	9	**1,550,276**	1,833,656
Contract liabilities		**1,919,822**	2,350,444
Short-term borrowings		**4,342,538**	1,512,617
Senior notes		**—**	2,632,710
Current tax payable		**213,709**	189,145
Lease liabilities		**8,286**	8,006
		8,034,631	8,526,578
Non-current liabilities			
Senior notes		**2,268,616**	—
Long-term borrowings		**3,179,546**	5,150,046
Lease liabilities		**56,592**	55,028
Deferred tax liabilities		**415,025**	412,881
Assets retirement obligation		**167,949**	170,132
Other payables		**7,424**	—
		6,095,152	5,788,087
Total liabilities		**14,129,783**	14,314,665
Equity			
Equity attributable to owners of the Company			
Share capital		**56,368**	56,368
Reserves		**4,331,371**	3,968,115
		4,387,739	4,024,483
Non-controlling interests		**3,612,230**	3,733,670
Total equity		**7,999,969**	7,758,153
Total equity and liabilities		**22,129,752**	22,072,818

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

(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 Richmond House, 12 Par-la-Ville Road, Hamilton HM08, Bermuda. The address of its principal place of business in Hong Kong is Suite 2805, 28th Floor, Sino Plaza, 255–257 Gloucester Road, Causeway Bay, Hong Kong. The Company is an investment holding company. Its subsidiaries are principally engaging in investment in energy related business in various regions in the People's Republic of China ("**PRC**") and West Central Alberta, Canada, including but not limited to: 1) piped city gas business, pipeline design and construction; 2) transportation, distribution and sales of compressed natural gas ("**CNG**") and liquefied natural gas ("**LNG**"); 3) development, production and sale of oil, gas, and other upstream production and sales of coal derived clean energy and other related products; and 4) comprehensive energy and customer value-added services. The Company and its subsidiaries are collectively referred to as the "Group".

(2) BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the unaudited interim financial report of the Group for the six months ended 30 June 2026 but is extracted from the unaudited condensed consolidated interim financial statements which have been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the Rules Governing the Listing of Securities on the Stock Exchange. These interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2025.

Going Concern

As at 30 June 2026, the Group had net current liabilities of HK$883,588,000, mainly because the Group's syndicated loan, which will mature on June 2027, became current during the current accounting period. Notwithstanding the net current liabilities position, the Group's consolidated interim financial statements have been prepared on a going concern basis as the Group drew down a three-year syndicated loan of HK$1,162,500,000 on early of August 2026 to repay the existing syndicated loan. Accordingly, the Directors are of the opinion that the Group will have adequate funds to meet its outstanding obligations as and when they fall due, and have therefore prepared the Group's consolidated interim financial statements on a going concern basis.

(3) SIGNIFICANT ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to *HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: Disclosures — Amendments to the classification and measurement of financial instruments*, are relevant to the Group's financial statements.

Upon adoption of the amendments, the Group has elected to apply the exception for the derecognition of certain trade payables settled in cash using qualifying electronic payment systems. Under the exception, these trade payables are derecognised when the Group initiates a payment instruction through a qualifying electronic payment system and, as a result, no longer has the practical ability to withdraw, stop, or cancel the payment instruction and to access the cash to be used for settlement, and the settlement risk associated with the payment system is insignificant. The Group has applied this election consistently to all settlements made through the same qualifying electronic payment system.

The Group has applied the amendments retrospectively. As permitted by the transition requirements, the Group has not restated prior periods. The application of the exception does not have a material impact on the Group's consolidated financial statements for the periods presented.

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

(4) REVENUE AND SEGMENT INFORMATION

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

The Group has presented the following four reportable operating segments for the six months ended 30 June 2026:

— sales and distribution of natural gas and other related products

— gas pipeline construction and connection

— exploitation and production of crude oil and natural gas

— production and sales of coal derived clean energy and other related products

Information regarding the Group's reportable segments as provided to the executive directors for the purpose of resources allocation and assessment of segment performance for the six months ended 30 June 2026 and 2025 is set out below:

Business Segments

For the six months ended 30 June 2026:

	Sales and distribution of natural gas and other related products *HK$'000* (Unaudited)	Gas pipeline construction and connection *HK$'000* (Unaudited)	Exploitation and production of crude oil and natural gas *HK$'000* (Unaudited)	Production and sales of coal derived clean energy and other related products *HK$'000* (Unaudited)	Group *HK$'000* (Unaudited)
Segment revenue and results					
Segment revenue					
Recognised at a point in time	**6,514,141**	**—**	**239,737**	**805,816**	**7,559,694**
Recognised over time	**—**	**294,468**	**—**	**—**	**294,468**
Sales to external customers	**6,514,141**	**294,468**	**239,737**	**805,816**	**7,854,162**
Segment results	**813,525**	**120,398**	**83,054**	**(34,353)**	**982,624**
Finance income					**119,158**
Other loss, net					**(32,109)**
Finance costs					**(238,575)**
Share of profit of investments accounted for using the equity method					**50,029**
Unallocated corporate expenses					**(176,488)**
Profit before taxation					**704,639**
Taxation					**(204,010)**
Profit for the period					**500,629**

For the six months ended 30 June 2025:

	Sales and distribution of natural gas and other related products *HK$'000* (Unaudited)	Gas pipeline construction and connection *HK$'000* (Unaudited)	Exploitation and production of crude oil and natural gas *HK$'000* (Unaudited)	Production and sales of coal derived clean energy and other related products *HK$'000* (Unaudited)	Group *HK$'000* (Unaudited)
Segment revenue and results					
Segment revenue					
Recognised at a point in time	6,716,852	—	246,674	633,867	7,597,393
Recognised over time	—	292,375	—	—	292,375
Sales to external customers	6,716,852	292,375	246,674	633,867	7,889,768
Segment results	764,688	107,593	86,996	(15,450)	943,827
Finance income					100,625
Other loss, net					(376)
Finance costs					(212,602)
Share of profit of investments accounted for using the equity method					44,711
Unallocated corporate expenses					(179,051)
Profit before taxation					697,134
Taxation					(149,747)
Profit for the period					547,387

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

Assets

	Unaudited As at 30 June 2026 Total assets	Audited As at 31 December 2025 Total assets
	HK$'000	*HK$'000*
Hong Kong	**405,062**	299,967
Mainland China	**17,273,597**	17,382,387
Canada	**2,462,570**	2,576,696
Total	**20,141,229**	20,259,050
Unallocated		
Investments accounted for using the equity method	**1,699,375**	1,598,882
Deferred tax assets	**44,452**	44,328
Financial assets at fair value through other comprehensive income	**244,696**	170,558
Total assets	**22,129,752**	22,072,818

(5) TAXATION

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits subject to Hong Kong profits tax for the Period (2025: 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% (2025: 10%). Certain entities of the Group with Hong Kong business and directly own at least 25% of the capital of the PRC subsidiaries are entitled to the lower withholding tax rate at 5% (2025: 5%).

In accordance with the relevant PRC corporate income tax laws, regulations and implementation guidance note, subsidiaries in Mainland China are subject to the PRC corporate income tax rate at 25% (2025: 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% (2025: 15%).

Canada income tax has been provided for at the rate of 23% on the estimated assessable profits for the year (2025: 23%), which represented the tax rate in Alberta, Canada and the Canada's federal tax rate of 12% (2025: 12%) and 15% (2025: 15%) respectively.

There is no tax impact relating to components of other comprehensive income for the six months ended 30 June 2026 (2025: Nil).

(6) EARNINGS PER SHARE

Basic

The calculation of basic earnings per share was based on the profit attributable to owners of the Company of approximately HK$196,201,000 (Six months ended 30 June 2025: profit of HK$250,898,000) divided by the weighted average number of ordinary shares of 5,199,374,613 shares (six months ended 30 June 2025: 5,199,374,613 shares) in issue during the period.

Weighted average number of ordinary shares:

	Unaudited As at 30 June 2026	Unaudited As at 31 December 2025
Issued ordinary shares	**5,636,803,834**	5,636,803,834
Effect of shares held under share option and award schemes	**(437,429,221)**	(437,429,221)
Weighted average number of ordinary shares	**5,199,374,613**	5,199,374,613

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, which is share options granted and not exercised. The diluted earnings per share is equal to the basic earnings per share for the period ended 30 June 2026 (six months ended 30 June 2025: same) because the exercise price of the share options granted and not exercised was higher than the average share price of the Company.

(7) DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

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

	Unaudited As at 30 June 2026 *HK$'000*	Audited As at 31 December 2025 *HK$'000*
Trade receivables	**683,293**	726,303
Other receivables, deposits and prepayments	**1,228,501**	1,303,354
	1,911,794	2,029,657

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

Up to 3 months	**75,728**	310,570
3 to 6 months	**159,933**	25,378
Over 6 months	**447,632**	390,355
Total	**683,293**	726,303

(9) TRADE AND OTHER PAYABLES

	Unaudited As at 30 June 2026 *HK$'000*	Audited As at 31 December 2025 *HK$'000*
Trade payables	**402,841**	421,753
Other payables and accruals	**1,147,435**	1,411,903
	1,550,276	1,833,656

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

Up to 3 months	**208,707**	329,724
3 to 6 months	**67,795**	14,359
Over 6 months	**126,339**	77,670
Total	**402,841**	421,753

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of 2026, the transformation of the domestic economic structure deepened, the global trade landscape was profoundly reshaped, and volatility in the energy market continued to amplify external uncertainties; The wave of AI accelerated its penetration, and digital intelligence reshaped the rules of industrial competition. Facing the triple challenges of external pressure, technological iteration, and industry differentiation, the Group adhered to the overall strategic principle of "Strengthening the Core, Empowering with Digital Intelligence, and Deepening Customer Engagement". Our domestic and overseas businesses worked in synergy, and all initiatives progressed steadily amidst the pressure.

Strengthening the Core, Achieving Steady Progress in the Main Gas Business.

In the first half of the year, the Group enhanced resource coordination and exerted efforts on both the procurement and sales fronts. On the supply side, prices were locked in ahead of time, and gas source contracts were successfully signed; on the demand side, the price linkage mechanism was rapidly implemented. The comprehensive purchase-sale price spread for natural gas steadily increased, which, while ensuring public livelihood, also boosted the profit accumulation of the main business. The main city gas business focused on meticulous and intensive operations. The construction and renovation of the pipeline network proceeded in an orderly manner, our city gas franchise rights in dozens of cities nationwide remained stable, and the proportion of industrial and commercial users steadily increased. We remained steadfast in ensuring safe operations. Hazard identification and emergency drills were conducted on a regular basis, ensuring a stable and orderly supply of gas for both residential and industrial use. Operational governance was continuously optimized. We made solid progress in strengthening the "Three Fundamentals", constantly improving basic systems, enhancing execution at the grassroots level, and elevating our fundamental management to a new level.

Empowering with Digital Intelligence, Continuously Strengthening Transformation Momentum

In the first half of the year, the Group made comprehensive progress in its digital and intelligence initiatives, and an integrated management system covering more than ten business areas was established, achieving online closed-loop management for major business processes. A breakthrough was achieved in business-finance synergy. A unified accounting system was established, and various business systems were interconnected, significantly improving cross-segment collaboration efficiency. A support system for operational decision-making was preliminarily established. Relying on data dashboards, RPA robots, and enterprise-wide data governance, the Group shortened business cycles and enhanced management efficiency. Concurrently, the digital safety knowledge base was improved, multiple software copyrights were successfully registered, and the foundation for digital intelligence innovation was solidified. The three-pronged architecture for value-added services (a standalone app as the main platform, mini-programs for traffic acquisition, and WeCom Butler for customer connection) was continuously iterated and optimized, significantly enhancing online service capabilities.

The Group accelerated the strategic expansion of its integrated energy business, establishing a new professional team to promote specialized and large-scale development. Leveraging its existing pipeline networks and customer resources, the Group actively explored pilot projects for new business formats such as distributed energy and photovoltaics, creating integrated "heat-power-gas-storage" solutions and cultivating a second growth curve.

Deepening Customer Engagement, Comprehensively Upgrading Service Quality

Adhering to a customer-centric approach, the Group made managing customer relationships its top priority, driving a shift from the passive "gas monopoly" mindset to a proactive "energy butler" service mindset. Focusing on core upstream and downstream customers, the Group comprehensively built a customer relationship management system. On the upstream side, the Group maintained gas source supply relationships, firmly grasping the initiative on the supply side; On the downstream side, the Group focused on millions of residential users and tens of thousands of industrial and commercial users, continuously improving the full lifecycle management system for industrial and commercial customers and effectively implementing the dedicated service mechanism for key accounts. Value-added services are transitioning from "selling gas-related peripheral products" to "providing home services and home energy management". With gas safety as the cornerstone of trust, the Group is committed to excelling in matters close to its users, such as safety protection, home maintenance, kitchen renovation, and energy diagnostics, ensuring that it is the first they think of for any plumbing, heating, or electrical issues. Grid-based operations have been fully rolled out. Every home visit is an opportunity to build trust, understand needs, and deliver value, continuously creating a win-win situation for both customer value and corporate value.

CITY PIPELINE NATURAL GAS BUSINESS

Sales and distribution of natural gas

The Group's total natural gas sales volume was 2,104 million cubic meters for the first six months of 2026 (the first half of 2025: 2,305 million cubic meters), decreased by 9% compared with the same period last year. Transmission volume was 1,659 million cubic meters (the first half of 2025: 1,719 million cubic meters), decreased by 3% compared with the same period last year.

Gas consumption by residential users was 522 million cubic meters (the first half of 2025: 593 million cubic meters). Gas consumption by industrial and commercial users was 1,407 million cubic meters (the first half of 2025: 1,527 million cubic meters), decreased by 8% year on year. Gas consumption by gas stations decreased from 185 million cubic meters for the last period to 175 million cubic meters for the Period. Each of the above categories accounted for 25%, 67% and 8% of the total gas sales volume respectively (the first half of 2025: 26%, 66% and 8%).

Development of new users

For the first six months of 2026, the Group connected 23,014 new residential users, and the accumulated residential users were 2,217,560. Total connections for new industrial and commercial users were 394, and the accumulated industrial and commercial users were 21,089.

EXPLOITATION AND PRODUCTION OF CRUDE OIL AND NATURAL GAS BUSINESS

The Group continued the business of exploitation and production of light crude oil and natural gas in Canada. The Group's production in the first half of 2026 was 5,209 barrels of oil equivalent per day, representing a decrease of approximately 4% from 5,441 boe/d in the comparable period of 2025.

Reference crude oil prices were 23% higher in the first half of 2026, with West Texas Intermediate averaging US$82.67 per barrel compared with US$67.38 per barrel in the first half of 2025. The Group realized a crude oil price of CAD107.79 per barrel in the first half of 2026 compared to CAD86.03 per barrel in the first half of 2025 with a year-on-year increase of 25%. Although the Group achieved an increase in crude oil price, inflation caused royalties and operating expenses to increase by 20% and 9% respectively. As a result, the Group achieved the average operating netback of CAD30.31 per barrel of oil equivalent, compared to CAD32.18 in the same period last year.

Business Prospects

Currently and for the foreseeable future, the world economy is undergoing a profound restructuring, the global energy landscape is rapidly evolving, and "high uncertainty" has become the new normal. Looking at the domestic situation, in the inaugural year of the "15th Five-Year Plan", the economy is transforming amidst structural differentiation, and new growth drivers are being released at an accelerated pace. Urban underground pipeline networks have been included in the national "Six Networks" strategy, with a massive scale of supporting investment for gas pipeline network renovation; The synergy of computing power and electricity has been included in the Government Work Report for the first time, "Artificial Intelligence + Energy" is moving from concept to reality, and the window for intelligent transformation has opened. The strategic position of natural gas under the "dual carbon" goals continues to be consolidated. The intelligent transformation of pipeline networks is accelerating, and AI-powered perception and early warning, digital twins, and lifeline safety engineering are becoming industry standards. As major policies shape the market and new technologies change the rules, the Group must proactively seek change, stabilizing its fundamentals by strengthening its foundation, unlocking growth potential by deepening customer engagement, and accelerating its pace in the digital intelligence transformation.

Focusing on the Main Business, Solidifying the Cornerstone for Long-Term Development

In the second half of the year and for the foreseeable future, the main gas business will remain the foundation and bedrock of the Group's survival and development. We must remain firmly committed to our annual performance targets. In market development, we will deepen our engagement with the existing customer base while actively pursuing new growth. On the gas source side, we will continue to deepen cooperation with upstream strategic partners, consolidate the multi-gas source supply security system, and enhance our initiative on the supply side. On the pipeline network side, we will seize the policy dividends from the national "15th Five-Year Plan" for pipeline network renovation, accelerate the renewal, renovation, and intelligent upgrading of old pipeline networks, and improve the operational efficiency and safety level of the pipeline network. Safety is the greatest benefit. We must always prioritize production safety, deepen hazard identification and management, improve the emergency management system, and ensure a safe and stable gas supply. Strengthening the "Three Fundamentals" must be continuously advanced in depth. Systems must penetrate to the grassroots level, as execution is the core competitiveness. Through continuous refinement of fundamental management, we will inject lasting and profound strength into the Group's steady growth.

The overseas oil and gas segment will play a strategic supporting role upstream. Using our high-quality assets in Alberta, Canada as a platform, we will focus on reserve replacement for light oil and liquids-rich natural gas. We will seize the opportunities presented by high international oil prices and the commissioning of the LNG Canada project to achieve synergistic improvements in reserves, production, and profitability. We will continue to optimize our capital structure, maintaining low-leverage operations and strong financial flexibility. At the same time, we will monitor M&A and integration opportunities in the North American oil and gas sector, advance our strategic presence in upstream resources, and build a new energy industry structure of "city gas + upstream" with mutual empowerment.

Driven by Digital Intelligence, Seizing the Commanding Heights of Industry Transformation

The wave of AI is comprehensively reshaping all industries. Large models and intelligent agents are accelerating their transition from the laboratory to the industrial front line. In the second half of the year, our digital intelligence transformation will be fully advanced, anchored by the three main themes of "improving efficiency in existing operations, tackling key challenges, and achieving breakthroughs with intelligence". We will ensure that established systems are truly "easy to use and effective" and that key projects are accelerated. Key infrastructure projects such as warehousing, shared financial services, human resources, and intelligent production safety will be fully launched, with work-back schedules to ensure quality and timely delivery. We will focus intelligent applications on core scenarios such as safety inspections, hazard early warnings, smart customer service, and O&M services, ensuring that every smart application corresponds to solving a pain point and achieving a leap in efficiency. We will upgrade data from being merely "visible" to being "well-utilized". We will establish a group-level master data management system, upgrade the operational dashboard, and launch intelligent business analysis reports. This will enable data not only to be traceable but also to predict risks and support decision-making, truly becoming the Group's most core asset. Digital intelligence transformation is, ultimately, a transformation of people. We must accelerate the cultivation of versatile talent who understand both business and digital intelligence technologies to firmly grasp the initiative in the industry.

Customer First, Opening Up a New Track for Second Growth

Customers are the source of corporate value. Revenue comes from customers, and profit comes from customers; the value of an enterprise is reflected in its customers. We will make customer management our top priority, shifting from "defending territory" to "excavating value", and transitioning from a single gas supplier to an integrated energy service provider. Upstream and downstream customer management must be comprehensively upgraded: upstream, we will deepen strategic collaboration to consolidate gas source security and cost advantages; downstream, we will focus on the two core user groups of residential and industrial & commercial customers, with service at the core, to comprehensively build a customer management system. Value-added services will transition from "selling products" to "providing home services and home energy management". With gas safety as the cornerstone of trust, we will excel in matters close to our users, such as safety protection, home maintenance, kitchen renovation, and energy diagnostics. We will implement a membership system, foster good user relationships, and secure long-term trust. Integrated energy is a strategic imperative for the Group's future. We must adhere to the principle of "asset-light, pilot-focused, and rapid iteration", prioritizing the selection and accelerated implementation of highly compatible and efficient park-level and industrial & commercial projects to create replicable models. We will carry out integrated energy retrofits on the Group's idle land, stations, and rooftop resources, turning "dormant resources" into profit-generating assets. Drawing on advanced industry experience, we will extend into carbon management and carbon trading services to help customers manage their carbon footprint. By managing our customers well, we will cultivate the ground for value-added services, expand the entry points for integrated energy, and develop a second growth curve.

A path, however near, cannot be reached without walking; even the smallest task cannot be accomplished without action. Everyone in the Group must, with unwavering determination, anchor to the annual goals, unite our efforts, forge new paths amidst changes, create the future in the face of challenges, and go all out to ensure our mission is accomplished!

Environment, Social, and Governance

The Group continues to embed ESG considerations into business decisions and day-to-day operations. The Board has established an ESG Committee, which is responsible for reviewing the Group's sustainability strategy, overseeing material ESG risks and monitoring implementation progress. The Committee operates under established procedures to ensure an effective ESG governance framework. This interim section provides a narrative update only. Full quantitative ESG key performance indicators will be disclosed in the 2026 annual ESG report.

FINANCIAL REVIEW

For the six months ended 30 June 2026, the Group recorded revenue of HK$7,854 million, representing a decrease of 1% from HK$7,890 million for the six months ended 30 June 2025.

The total revenue is derived from four segments, namely (1) sales and distribution of natural gas and other related products, (2) gas pipeline construction and connection, (3) exploitation and production of crude oil and natural gas and (4) production and sales of coal-derived clean energy and other related products. (1) Revenue from sales and distribution of natural gas and other related products was HK$6,514 million, representing a year-on-year decrease of 3% from HK$6,717 million for the same period last year. The decrease was mainly attributable to changes in the domestic economic environment which resulted in a 6% decrease in the Group's gas sales and transmission volumes in the first half of 2026. However, the Group maintained the gross profit margin for this segment at 12%; (2) Revenue from gas pipeline construction and connection amounted to HK$294 million, representing a year-on-year increase of 1% from HK$292 million in the corresponding period of last year, as the national real estate market remained in a slump. Nevertheless, through unified procurement and cost control, the Group increased the gross profit margin of this segment from 37% in the same period last year to 41% in the current period. (3) Revenue from exploitation and production of crude oil and natural gas amounted to HK$240 million (the first half of 2025: HK$247 million); (4) Revenue from the production and sale of coal-derived clean energy and other related products was HK$806 million (the first half of 2025: HK$634 million), representing a year-on-year increase of 27%.

The Group's overall gross profit amounted to HK$1,093 million (the first half of 2025: HK$986 million), and the overall gross profit margin was 14% (the first half of 2025: 12%). Profit for the Period attributable to owners of the Company was HK$196 million, representing a decrease of 22%.

Administrative expenses were HK$270 million (the first half of 2025: HK$202 million), an increase of 34% as compared to the same period last year, the increase in administrative expenses was mainly due to research and development expense, administrative expenses accounting for 3% of revenue (the first half of 2025: 3%) while selling and distribution costs increased by 14%.

Other loss, net was HK$32 million (the first half of 2025: HK$0.4 million), and the increase was mainly due to loss on exchange differences and unrealised hedging loss on risk management contracts from exploitation and production of crude oil and natural gas segment.

Finance costs increased to HK$239 million from HK$213 million for the same period last year. The Group's weighted average cost of all indebtedness (including bank borrowings, other borrowings and senior notes) for the period ended 30 June 2026 was 4.5% (the first half of 2025: 4.7%).

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 funds to expand business. As at 30 June 2026, the Group's total indebtedness (including bank borrowings, other borrowings and senior notes) amounted to HK$9,791 million (31 December 2025: HK$9,295 million).

As at 30 June 2026, the Group had cash and cash equivalents and time deposits with maturity over three months of HK$5,046 million (31 December 2025: HK$5,071 million). Total assets were HK$22,130 million (31 December 2025: HK$22,073 million), in which current assets were HK$7,151 million (31 December 2025: HK$7,331 million). Total liabilities of the Group were HK$14,130 million (31 December 2025: HK$14,315 million), in which current liabilities were HK$8,035 million (31 December 2025: HK$8,527 million). The Group's net debt-to-assets ratio, measured on the basis of total indebtedness net of cash and time deposits, divided by total assets was 21% (31 December 2025: 19%). The Group's financial and liquidity remain stable, and the Group is well prepared for the development in the second half of 2026.

The Group's gearing ratio is approximately 122% (31 December 2025: 120%), which is calculated as a ratio of total indebtedness to total equity.

As at 30 June 2026, the Group did not issue any corporate guarantees (31 December 2025: Nil).

SENIOR NOTES OF THE COMPANY

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 "**Senior Notes due 2026**") from the open market, and (ii) repurchased an aggregate principal amount of US$271,795,000 of the Senior Notes due 2026 through an offer to purchase for cash at purchase price of US$1,000 per US$1,000 principal amount. In June 2026, the Company repaid the remaining by its own cash of US$89,205,000. As at 30 June 2026, the Senior Notes due 2026 were fully repaid.

In February 2026, the Company also issued 7.0% senior notes due 2029 (the "**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.

STRATEGIC COOPERATION AGREEMENT

In May 2026, the Company entered into a strategic cooperation agreement (the "**Cooperation Agreement**") with 山東融匯物產集團有限公司 (Shandong Ronghui Materials Group Co., Ltd.*) ("**Shandong Ronghui**"), pursuant to which, relying on the Company's subsidiary 濟寧中泰煤化有限公司 (Jining Zhongtai Coal Chemical Co., Ltd.*) ("**Zhongtai Coal Chemical**"), a cooperative upstream and downstream linkage model will be jointly constructed. Shandong Ronghui intends to jointly develop natural gas liquefaction production-related businesses, with the produced liquefied natural gas products to be supplied to new energy LNG vessels manufactured and operated by Shandong Ronghui. The parties will jointly explore and create a comprehensive natural gas utilization development path encompassing the entire chain of "Production — Bundling — Application" (the "**Cooperation**").

The Cooperation encompasses natural gas liquefaction, natural gas upstream resource integration, commodity trading, supply chain finance, equipment leasing, and LNG vessel sales and sale-leaseback. Both parties will explore integrating their respective resources and pipeline networks to investigate the feasibility of establishing diversified gas supply channels, jointly enhancing gas reserve capacity and market resilience, and cultivating long-term competitive advantages. The Cooperation will also effectively promote the efficient utilization of Zhongtai Coal Chemical's production capacity, extend the industrial chain, increase industrial added value, provide strong support and make outstanding contributions to Shandong Province's "Gasification Canal" and has far-reaching significance for the Company's high-quality and efficient development.

For details of the Cooperation, please refer to the announcement of the Company dated 21 May 2026.

SIGNIFICANT INVESTMENTS

As at 30 June 2026, the Group did not hold any significant investment.

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

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2026. 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 "**Merger and Acquisition Agreement**"). Pursuant to the Merger and Acquisition Agreement, the transaction consideration will be the sum of the transaction consideration payable to the China Oil And Gas Transaction Parties by (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 Merger and Acquisition 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.

On 29 April 2026, the China Oil And Gas Transaction Parties and Shengli Share entered into a share swap agreement (the "**Share Swap Agreement**"), pursuant to which Shengli Share has conditionally agreed to acquire, and the China Oil And Gas Transaction Parties have conditionally agreed to dispose of, the relevant equity interests in the Target Companies to be acquired by Shengli Share (the "**Target Assets**") for a total transaction consideration of approximately RMB1,750.8 million, of which RMB1,595.0 million shall be satisfied by Shengli Share through the issuance of approximately 521,225,770 Consideration Shares at an issue price of RMB3.06 per Consideration Share, and approximately RMB155.9 million shall be the Cash Consideration.

The Proposed Transactions comprise (i) the proposed disposal by the China Oil And Gas Transaction Parties to Shengli Share of the Target Assets (the "**VSD**"), and (ii) the proposed acquisition by the China Oil And Gas Transaction Parties from Shengli Share of the Consideration Shares (the "**VSA**") pursuant to the Share Swap Agreement. Upon completion of the Proposed Transactions, (a) Shengli Share will hold or control (i) 100% equity interests of China Oil Zhuhai; (ii) 100% equity interests of Tiandashengtong; (iii) 80% equity interests of Ganhe China Oil; and (iv) 100% equity interests of Nantong Oil; and (b) the Company will hold approximately 51.11% of the issued share capital of Shengli Share as enlarged by the allotment and issue of the Consideration Shares. As such, Shengli Share will become a non-wholly owned subsidiary of the Company.

A special general meeting of the Company had been held on 14 July 2026 and the Share Swap Agreement and the transactions contemplated thereunder (including the VSD and the VSA) had been approved by the shareholders of the Company.

For details of the Proposed Transactions, please refer to the announcements of the Company dated 27 October 2025, 10 November 2025, 29 April 2026, 14 May 2026, 22 May 2026, 5 June 2026, 12 June 2026 and 14 July 2026, and the circular of the Company dated 25 June 2026.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group employed a total of 4,547 (31 December 2025: 4,648) full-time employees, most of whom were stationed in the PRC. Total staff cost for the Period amounted to HK$233 million (the first half of 2025: HK$230 million). The Group remunerates its employees based on their performance, working experience and the prevailing market wage level. The total remuneration of the employees consists of basic salary, cash bonus and share-based incentives. The Company has also adopted a share option scheme and a share award scheme.

PLEDGE OF ASSETS

As at 30 June 2026, 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$264 million.

CONTINGENT LIABILITIES

The Group had no material contingent liability as at 30 June 2026.

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 2026, the Group had no material litigation.

CAPITAL STRUCTURE

As at 30 June 2026, 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.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed elsewhere in this announcement, there was no specific plan for material investments or capital assets as at 30 June 2026 (31 December 2025: nil).

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in the section headed "Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures" above, there were no material events after the reporting period.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2026 (30 June 2025: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including the sale of treasury shares).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE PRACTICES

The Company has all along committed to fulfilling its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures are established throughout the six months ended 30 June 2026. The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the six months ended 30 June 2026, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviations as explained below.

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

Save as the aforesaid and in the opinion of the Directors, the Company has met all relevant code provisions as set out in the CG Code during the six months ended 30 June 2026.

AUDIT COMMITTEE

The Company established the Audit Committee in 1998 with written terms of reference in compliance with the Listing Rules and the CG Code, which is currently made available on the Stock Exchange's website and the Company's website.

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

The Audit Committee comprises three independent non-executive Directors, namely Ms. Liu Zhihong (as chairman), Mr. Wang Guangtian and Mr. Yang Jie. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2026.

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

Hong Kong, 28 August 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*