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## **ENHANCEMENT OF INTERNAL CONTROL**

Reference is made to the announcement of China Oil And Gas Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 12 July 2024 in relation to enhancement of internal control (the “**Announcement**”).

The Board announces that the Company has engaged an international professional firm (“**Consultancy Firm**”) in August 2024 to undertake a comprehensive and independent assessment on the internal control system and processes relevant to the prior year adjustments incident (the “**Incident**”) and the Consultancy Firm focuses on five key internal processes, which are (i) revenue recognition for gas pipeline connection and constructions services income; (ii) construction project management; (iii) project cost management; (iv) fund and related costs management; and (v) financial statements preparation to identify any identified internal control deficiencies being the root causes of the Incident and provide remediation suggestions.

The Consultancy Firm has identified certain internal control findings in their phase one of the engagement. While the confirmation of those findings with process owners and the Group’s management is at final completion stage, the Group’s management has undertaken to devote efforts and sufficient resources to execute any necessary remediation plans with designated responsible parties, actions, and anticipated completion timelines.

Immediately following the Incident, the Group’s management also conducted a self-review at both headquarters and subsidiaries level, augmented staff for financial reporting preparation and internal control supervision and maintained close communication with auditors.

The Group’s management has already set up plans to strengthen the understanding of management requirements of the relevant personnel in various departments and deliver a series of training sessions on the concerned topics. In November 2024, the first internal training was already delivered to the core business teams and the next training has been scheduled to deliver through an internal financial closing meeting around end of November 2024.

The Group will also put rectification efforts based on the findings from the internal control assessment by the Consultancy Firm. The Group's management will closely oversee the rectification process, aiming to finalize the necessary rectifications by 31 December 2024. The Consultancy Firm has scheduled to finalize the final report on their work to the Group's management by the end of March 2025.

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

Hong Kong, 21 November 2024

*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*