港華智慧能源有限公司
Towngas Smart Energy Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1083)

2025 INTERIM RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHTS

Core operating profit increased to HK$719 million
The first-ever interim dividend of HK5 cents per share declared

- Facing a complex and volatile domestic and international environment, the Group benefitted from sustained growth in its renewable energy business and robust profitability in its city-gas sector, fully demonstrating the effectiveness of its various quality and efficiency enhancement initiatives and its success in reducing financing costs. During the period, the Group's core operating profit grew 2 per cent to HK$719 million. Taking into account non-operating gains and losses, the Group's profit attributable to shareholders was HK$758 million, up by 2 per cent.

- The **renewable energy business** continued to develop at a rapid pace. Its net profit increased by 5 per cent to approximately HK$172 million. As at 30th June 2025, the grid-connected photovoltaic capacity reached 2.6 GW, with a commercial and industrial energy storage grid-connected capacity of 260 MWh. The Group continued to promote its integrated "photovoltaic + energy storage + electricity sales" carbon-reducing business model, further enhancing its profitability.

- Building on the successful issuance of its first asset-backed securities programme ("quasi-REIT") product last year, the Group successfully issued the "Smart Zero Carbon Phase 2" quasi-REIT in the first half of this year. The two phases of issuance, which successfully raised RMB1 billion, were well received by the market and highly regarded by rating agencies, further enhancing cash flow and reinvestment capacities. The funds raised will continue to be invested in renewable energy projects.

- With regard to the **city-gas business**, despite facing challenges from a mild winter and an unfavourable macro environment, the Group maintained stable gas sales volumes in the first half of 2025. The number of city-gas customers also increased by 380,000. Through cost-passthrough efforts, refined management and close partnerships with upstream suppliers, the city-gas dollar margin increased by RMB0.01 to RMB0.57 per cubic metre, while profits from the city-gas business remained stable.

- The Board declared an interim dividend of HK5 cents per share as a token of appreciation for shareholders' continued support.

FINANCIAL HIGHLIGHTS

Highlights of the unaudited results of the Group's business for the first half of the year and the comparative figures for the corresponding period last year are as follows:

	Unaudited Six months ended 30th June	
	2025	2024
Revenue, HK million dollars	**10,437**	10,501
Core operating profit, HK million dollars	**719**	707
Non-operating gains and losses, net, HK million dollars	**39**	36
Profit attributable to shareholders, HK million dollars	**758**	743
Basic earnings per share, HK cents	**21.8**	22.1
Gas sales volume, million cubic metres, natural gas equivalent*	**8,746**	8,741
Total photovoltaic grid connection as at 30th June, GW	**2.6**	2.1
Number of city-gas customers as at 30th June, million households*	**18.02**	17.22

* *Inclusive of all city-gas projects of the Group*

INTERIM DIVIDEND

Facing multiple challenges, the Group has steadily advanced its businesses by leveraging its solid performance and professional management, the Directors have declared an interim dividend of HK5 cents per share payable to shareholders whose names are on the Register of Members of the Company as at 4th September 2025, being the record date for determining shareholders' entitlement to the interim dividend, as a token of appreciation for shareholders' continued support. The Register of Members will be closed from Tuesday, 2nd September 2025 to Thursday, 4th September 2025 (both days inclusive), during which period no share transfers will be effected.

Highlights of the Group's interim financial statements for the first six months ended 30th June 2025 are shown below. The unaudited interim financial statements have been reviewed by the Company's Board Audit and Risk Committee and external auditor, Deloitte Touche Tohmatsu.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2025

		Six months ended 30th June	
		2025	2024
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	*(unaudited)*
Revenue	*3*	**10,436,971**	10,500,990
Total operating expenses	*4*	**(9,626,493)**	(9,550,931)
		810,478	950,059
Other income		**99,267**	152,338
Other gains, net	*5*	**148,479**	108,969
Share of results of associates		**211,784**	110,949
Share of results of joint ventures		**166,343**	138,972
Finance costs	*6*	**(331,135)**	(359,423)
Profit before taxation	*7*	**1,105,216**	1,101,864
Taxation	*8*	**(266,894)**	(255,676)
Profit for the period		**838,322**	846,188
Profit for the period attributable to:			
Shareholders of the Company		**758,391**	742,714
Non-controlling interests		**79,931**	103,474
		838,322	846,188
		HK cents	*HK cents*
Earnings per share	*10*		
– Basic		**21.8**	22.1
– Diluted		**20.8**	19.3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE 2025

	Six months ended 30th June	
	2025	2024
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit for the period	**838,322**	846,188
Other comprehensive income (expense) for the period		
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation from functional currency to presentation currency	**739,221**	(503,671)
Fair value change on investments in equity instruments at fair value through other comprehensive income	**(64,251)**	(95,572)
Income tax relating to items that will not be reclassified to profit or loss	**16,062**	23,893
Items that may be reclassified subsequently to profit or loss		
Cash flow hedge:		
Net fair value change on derivative instruments designated as cash flow hedge recorded in hedge reserve	**(16,946)**	32,926
Reclassification of fair value change on derivative instruments designated as cash flow hedge to profit or loss	**29,393**	(42,025)
	703,479	(584,449)
Total comprehensive income for the period	**1,541,801**	261,739
Total comprehensive income for the period attributable to:		
Shareholders of the Company	**1,418,187**	201,995
Non-controlling interests	**123,614**	59,744
Total comprehensive income for the period	**1,541,801**	261,739

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE 2025

	NOTE	**30.06.2025** ***HK$'000*** ***(unaudited)***	31.12.2024 *HK$'000* *(audited)*
Non-current assets			
Property, plant and equipment		**29,648,972**	28,435,338
Right-of-use assets		**888,611**	868,439
Intangible assets		**356,999**	355,416
Goodwill		**4,766,271**	4,629,309
Interests in associates		**4,877,586**	4,562,111
Interests in joint ventures		**4,091,850**	3,866,526
Equity instruments at fair value through other comprehensive income		**1,246,533**	1,274,026
Other financial assets		**99,148**	115,918
Restricted deposits		**10,958**	5,321
		45,986,928	44,112,404
Current assets			
Inventories		**468,767**	576,155
Loans to associates		**3,158**	37,654
Loan to a joint venture		**32,330**	24,596
Trade and other receivables, deposits and prepayments	*11*	**4,225,132**	4,410,069
Amounts due from non-controlling shareholders		**138,309**	135,390
Time deposits over three months		**32,106**	25,223
Bank balances and cash		**3,299,489**	2,699,885
		8,199,291	7,908,972
Assets classified as held for sale		**1,051,589**	1,021,371
		9,250,880	8,930,343

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

AT 30TH JUNE 2025

	NOTE	**30.06.2025** **HK$'000** **(unaudited)**	31.12.2024 *HK$'000* *(audited)*
Current liabilities			
Trade and other payables and accrued charges	*12*	**3,907,196**	4,172,797
Dividend payable		**661,319**	-
Contract liabilities		**3,356,613**	3,473,768
Lease liabilities		**11,511**	29,681
Amounts due to non-controlling shareholders		**32,698**	39,983
Taxation payable		**1,293,338**	1,225,582
Borrowings – amounts due within one year		**4,698,562**	3,695,547
Loan from ultimate holding company		**22,253**	15,113
Loans from non-controlling shareholders		**15,127**	-
Loans from associates		**20,176**	5,462
Loans from joint ventures		**360**	3,517
Convertible bonds		**1,950,587**	1,866,938
		15,969,740	14,528,388
Net current liabilities		**(6,718,860)**	(5,598,045)
Total assets less current liabilities		**39,268,068**	38,514,359
Non-current liabilities			
Lease liabilities		**132,729**	111,143
Borrowings – amounts due after one year		**11,530,948**	11,731,460
Deferred taxation		**955,852**	899,044
Loans from non-controlling shareholders		**-**	14,692
		12,619,529	12,756,339
Net assets		**26,648,539**	25,758,020
Capital and reserves			
Share capital		**348,261**	348,065
Reserves		**23,866,552**	23,099,673
Equity attributable to shareholders of the Company		**24,214,813**	23,447,738
Non-controlling interests		**2,433,726**	2,310,282
Total equity		**26,648,539**	25,758,020

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE 2025

1. BASIS OF PREPARATION

In preparing the condensed consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets by approximately HK$6,719 million as at 30th June 2025. The Group's current liabilities as at 30th June 2025 included borrowings of approximately HK$4,699 million that are repayable within one year from the end of the reporting period.

As at 30th June 2025, the Group is able to raise funds through a Medium Term Note Programme ("MTN Programme") amounting to approximately HK$13,582 million and unutilised facilities from banks and its parent company, The Hong Kong and China Gas Company Limited ("HKCG"), amounting to approximately HK$10,442 million ("Facilities"). When considering the Group's ability to continue as a going concern, the Directors considered that the Group's borrowings of approximately HK$4,699 million that are repayable within one year from the end of the reporting period will be rolled over or refinanced as the Group has a good relationship with the banks and has good credibility.

Taking into account of the internally generated funds, the available amount of funds to be raised from the MTN Programme and the remaining issuance amount of those available Facilities, the Directors are confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), for the first time, which are mandatorily effective for the Group's annual period beginning on 1st January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Operating segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker of the Group has been identified as the executive directors of the Company (the "Executive Directors").

The Group determines its operating segments based on the internal reports reviewed by the Executive Directors to facilitate strategic decision making.

In prior years, the Executive Directors assessed the Group's businesses by four operating segments, namely (a) sales of piped gas business, (b) gas connection, (c) renewable energy business and (d) extended business. During the period, the Group has restructured the extended business and reorganised its internal reporting structure which resulted in changes to the composition of the operating segments and reportable segments. Prior period segment disclosures have been represented to conform with the current period's presentation.

The Group redefined its extended business to be the interest in an associate engaged in extended business and hence the revenue and segment results from sales of gas related household appliances and related products and other related value-added services (formerly known as extended business before restructuring) were grouped under the gas business. Meanwhile, the Executive Directors re-presented certain income or expenses from "unallocated" to "gas business" and "renewable energy business".

In addition, during the period, the Executive Directors commenced to review the segment assets of the Group by gas business, renewable energy business and extended business. Segment liabilities of the Group are not reviewed by the Executive Directors or otherwise provided to the Executive Directors. Therefore, segment liabilities are not presented.

Currently, the Group organises the reportable and operating segments as follows:

1. Gas business - Sales of piped gas and other gas-related energy, construction of gas pipeline networks under gas connection contracts and sales of gas-related household appliances and related products and other related value-added services

2. Renewable energy business - Sales of renewable energy (mainly photovoltaic power) and other related energy and services

3. Extended business - Interest in an associate engaged in sales of gas related household appliances and related products, and other related value-added services

The Group also provides additional information for the gas business segment in relation to the revenue and results generated by sub-divisions of "sales of piped gas", "gas connection", "gas-related goods and services" and "others".

3. SEGMENT INFORMATION *(CONTINUED)*

Operating segments *(Continued)*

Segment revenue and results

Information regarding these segments is presented below:

	Gas business							
	Sales of piped gas	Gas connection	Gas-related products and services	Others	Sub-total	Renewable energy business	Extended business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30th June 2025								
REVENUE								
Revenue recognised at a point in time	8,860,223	481,672	189,966	-	9,531,861	762,481	-	10,294,342
Revenue recognised over time	-	142,629	-	-	142,629	-	-	142,629
External	8,860,223	624,301	189,966	-	9,674,490	762,481	-	10,436,971
Results	527,109	219,272	21,976	143,318	911,675	170,877	21,562	1,104,114
Other income								5,002
Other gains, net								65,023
Unallocated corporate expenses								(41,327)
Finance costs								(269,433)
Profit before taxation								863,379
Taxation – unallocated								(25,057)
Profit for the period								838,322

3. SEGMENT INFORMATION *(CONTINUED)*

Operating segments *(Continued)*

Segment revenue and results *(Continued)*

Information regarding these segments is presented below:

	Gas business						
	Sales of piped gas	Gas connection	Gas-related products and services	Others	Sub-total	Renewable energy business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30th June 2024 (restated)							
REVENUE							
Revenue recognised at a point in time	8,672,375	626,140	259,593	-	9,558,108	754,780	10,312,888
Revenue recognised over time	-	188,102	-	-	188,102	-	188,102
External	8,672,375	814,242	259,593	-	9,746,210	754,780	10,500,990
Results	495,982	313,569	37,032	87,190	933,773	163,566	1,097,339
Other income							6,245
Other gains, net							65,779
Unallocated corporate expenses							(41,422)
Finance costs							(281,753)
Profit before taxation							846,188
Taxation – unallocated							-
Profit for the period							846,188

Segment results from gas business, renewable energy business and extended business represent the profit after taxation generated by each segment, excluding certain other income, other gains, net, finance costs, unallocated corporate expenses such as central administration costs and directors' emoluments and withholding tax. These expenses and income are reported to the Executive Directors for the purposes of resource allocation and assessment of segment performance.

3. SEGMENT INFORMATION *(CONTINUED)*

Operating segments *(Continued)*

Segment revenue and results *(Continued)*

The following is an analysis of the Group's assets by reportable and operating segment:

	Gas business *HK$'000*	Renewable energy business *HK$'000*	Extended business *HK$'000*	Total *HK$'000*
At 30th June 2025				
Segment assets	**43,767,508**	**10,650,581**	**233,682**	**54,651,771**
Unallocated assets:				
Other financial assets				**99,148**
Other receivables				**5,443**
Bank balance and cash				**481,446**
Total assets				**55,237,808**
At 31st December 2024 (restated)				
Segment assets	42,822,905	9,741,961	201,213	52,766,079
Unallocated assets:				
Other financial assets				115,918
Bank balance and cash				160,750
Total assets				53,042,747

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than other financial assets, certain other receivables and certain bank balances and cash as these assets are managed on a group basis.

4. TOTAL OPERATING EXPENSES

	Six months ended 30th June	
	2025	2024
	HK$'000	*HK$'000*
Gas fuel, stores and materials used	**7,951,499**	7,928,122
Staff costs	**675,214**	694,415
Depreciation and amortisation	**627,350**	603,281
Other expenses	**372,430**	325,113
	9,626,493	9,550,931

5. OTHER GAINS, NET

	Six months ended 30th June	
	2025	2024
	HK$'000	*HK$'000*
Other gains, net include:		
Gain from restructuring of extended business	**100,112**	-
Gain on deemed disposal/disposal of subsidiaries	**52,881**	54,480
Change in fair value of embedded derivative component of convertible bonds	**(612)**	65,779
Exchange (loss) gain, net	**(772)**	2,297
Loss on disposal of property, plant and equipment	**(3,130)**	(9,902)
Gain on deemed partial disposal of an associate	**-**	37,230
Impairment provision of goodwill	**-**	(16,659)
Impairment provision of property, plant and equipment	**-**	(24,256)
	148,479	108,969

6. FINANCE COSTS

	Six months ended 30th June	
	2025	2024
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**287,008**	311,885
Effective interest expense on convertible bonds	**41,730**	40,550
Bank charges	**3,320**	4,686
Interest on lease liabilities	**2,735**	8,691
	334,793	365,812
Less: amounts capitalised	**(3,658)**	(6,389)
	331,135	359,423

7. PROFIT BEFORE TAXATION

	Six months ended 30th June	
	2025	2024
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Cost of inventories sold	**8,630,151**	8,590,388
Staff costs	**675,214**	694,415
Depreciation of property, plant and equipment	**593,936**	568,299
Depreciation of right-of-use assets	**24,648**	26,132
Amortisation of intangible assets	**8,766**	8,850
and after crediting:		
Dividend income from equity instruments at fair value through other comprehensive income	**35,104**	36,947
Interest income	**12,892**	21,269

8. TAXATION

No provision for Hong Kong Profits Tax has been made as there is no net assessable profit in Hong Kong for both periods.

The EIT rates applicable for the Group's PRC subsidiaries range from 15 per cent to 25 per cent (six months ended 30th June 2024: 15 per cent to 25 per cent).

Following the 2020 edition of Catalogue of Encouraged Industries in Western Region (Order No. 40 2021) released by the National Development and Reform Commission of the PRC in 2021, certain subsidiaries which are operating in the Western China have been granted a concessionary tax rate of 15 per cent by the local tax bureau.

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15 per cent, after taking into account the adjustments under the Global Anti-base Erosion Rules based on management's best estimate, the management of the Group considered the Group is not liable to income taxes under the Pillar Two Rules.

9. DIVIDENDS

Subsequent to the reporting period, the directors of the Company have declared an interim dividend of HK5 cents (six months ended 30th June 2024: nil) per ordinary share, in an aggregate amount of approximately HK$174,129,000 (six months ended 30th June 2024: nil) payable to shareholders whose names are on the register of members of the Company as at 4th September 2025.

During the period, a final dividend of HK16 cents (2023: HK16 cents) per ordinary share and a special dividend of HK3 cents (2023: nil) per ordinary share, totalling of HK19 cents (2023: HK16 cents) per ordinary share, in an aggregate amount of approximately HK$661,319,000 (2023: HK$536,717,000) in respect of the year ended 31st December 2024 was declared by the Board.

The final dividend and special dividend for 2024 was payable in cash but shareholders were given the option of electing to receive the final dividend and special dividend in the form of new shares in lieu of cash in respect of part or all of such dividend. Subsequent to the reporting period, on 14th July 2025, the final dividend of HK16 cents per ordinary share and a special dividend of HK3 cents (2023: nil) per ordinary share, which included the scrip dividend alternative offered to shareholders, was paid to shareholders whose name appear on the register of members of the Company on 6th June 2025 as the dividend in respect of the financial year ended 31st December 2024.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the following data:

	Six months ended 30th June	
	2025	2024
	HK$'000	*HK$'000*
Earnings		
Profit for the period attributable to shareholders of the Company for the purpose of basic earnings per share	**758,391**	742,714
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds	**41,730**	40,550
Change in fair value of embedded derivative component of convertible bonds	**612**	(65,779)
Profit for the period attributable to shareholders of the Company for the purpose of diluted earnings per share	**800,733**	717,485

	Number of shares Six months ended 30th June	
	2025	2024
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue less shares held for share award scheme for the purpose of basic earnings per share	**3,479,311**	3,354,477
Effect of dilutive potential ordinary shares:		
Convertible bonds	**365,960**	358,854
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,845,271**	3,713,331

For the six months ended 30th June 2025 and 2024, the computation of diluted earnings per share did not assume the exercise of the share options issued by the Company because the exercise price of those options was higher than the average market price for shares for the periods.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.06.2025	31.12.2024
	HK$'000	*HK$'000*
Trade receivables (net of allowance for credit losses)	**2,019,086**	2,005,594
Other receivables and deposits	**790,380**	704,657
Prepayments	**606,762**	646,077
Consideration receivable for disposal of subsidiaries	**471,564**	616,664
Amounts due from associates (note)	**221,565**	285,066
Amounts due from related companies (note)	**105,788**	40,214
Amount due from ultimate holding company (note)	**5,443**	-
Amounts due from joint ventures (note)	**4,544**	111,797
	4,225,132	4,410,069

Note: The amounts are unsecured, interest-free and repayable on demand.

The Group has a policy of allowing a credit period ranging from 0 to 180 days to its customers. Longer credit period is also allowed on a case by case basis. The following is an aged analysis of trade receivables net of allowance of credit losses presented based on the invoice date, which approximated the revenue recognition date, at the end of the reporting period:

	30.06.2025	31.12.2024
	HK$'000	*HK$'000*
0 to 90 days	**1,406,801**	1,486,875
91 to 180 days	**245,769**	290,626
Over 180 days	**366,516**	228,093
	2,019,086	2,005,594

12. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	30.06.2025	31.12.2024
	HK$'000	*HK$'000*
Trade payables	**2,362,277**	2,372,003
Other payables and accruals	**1,474,014**	1,598,574
Consideration payable for acquisitions of subsidiaries	**70,905**	68,868
Deferred consideration	**-**	130,649
Amount due to ultimate holding company (note)	**-**	2,703
	3,907,196	4,172,797

Note: The amount is unsecured, interest-free and repayable on demand.

The Group normally receives credit terms of 0 to 60 days from its suppliers. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30.06.2025	31.12.2024
	HK$'000	*HK$'000*
0 to 90 days	**1,264,863**	1,304,754
91 to 180 days	**508,712**	569,405
181 to 360 days	**341,538**	217,571
Over 360 days	**247,164**	280,273
	2,362,277	2,372,003

MANAGEMENT DISCUSSION AND ANALYSIS

Facing a complex and volatile domestic and international environment, the Group benefitted from sustained growth in its renewable energy business and robust profitability in its gas business, fully demonstrating the effectiveness of its various quality and efficiency enhancement initiatives and its success in reducing financing costs. In the first half of 2025, the Group's core operating profit grew by 2 per cent.

City-Gas Business

In the first half of the year, affected by a mild winter and external economic conditions, national natural gas consumption fell 0.9 per cent from January to June. The Group, however, maintained stable gas sales volumes.

Despite the ongoing downturn in the mainland property market, which has impacted connections in the country's city-gas businesses, the number of the Group's city-gas customers increased by 380,000 in the first half of the year, to reach a total of 18.02 million. Facing operational pressures, Towngas Smart Energy actively pursued cost pass-throughs and established a close partnership with upstream players. This has resulted in a marked increase in the city-gas dollar margin by RMB0.01 to RMB0.57 per cubic metre. At the same time, the Group proactively implemented in-depth reforms, optimised its workforce structure and reduced operating costs, to offset the impact of the real estate downturn on its connection businesses.

In response to the challenging market environment, the Group actively expanded its stock-based market, using energy-saving retrofitting as an entry point to promote gas substitution for steam, electricity, oil and other energy sources. In the first half of the year, the Group secured 55 new large-scale industrial customers, adding annual gas consumption of 200 million cubic metres to its business.

Promoting the "Gas+" business has been a powerful initiative for the Group's proactive transformation. The Group has seized opportunities arising from national policies such as "public institution energy cost trusteeships" and "large-scale equipment renewals" to provide customers with diverse and top-quality integrated energy services. These services focus on energy efficiency upgrades for industrial and commercial customers, energy trusteeships for public institutions and integrated energy solutions for industrial parks.

The Group actively promotes low-carbon development, with its hydrogen-blended natural gas project, "Bringing Hydrogen into Households" in Weifang, Shandong Province, progressing smoothly. The Group is also participating in compiling multiple technical standards for hydrogen energy applications, a move which will make a significant contribution to the country's hydrogen energy development.

In the field of technological innovation, the Group has actively promoted the application of artificial intelligence ("AI") technology in high-value scenarios, including AI-powered drone inspections, AI-assisted customer safety audits and the establishment of smart safety stations using machine vision capabilities. These initiatives have enhanced operational efficiency while improving safety management standards.

Renewable Energy Business

On 1st January 2025, the Energy Law of the People's Republic of China came into effect. At the same time, the Government Work Report explicitly identified the development of a green and low-carbon economy while making solid progress towards carbon peaking and carbon neutrality as key annual priorities. A clearly identified goal is the creation of zero-carbon industrial parks and zero-carbon factories. Against this backdrop, market-oriented reforms in the power sector have accelerated, and the pace of renewable energy fully entering the market has significantly quickened.

A series of policies at the state level have further standardised and optimised the renewable energy sector, creating a sound business and competitive environment that aligns closely with the Group's business strengths. Currently, the Group has established three strategic directions - integrated energy solutions, decarbonisation and digitalisation - to effectively respond to customers' energy-saving and carbon-reduction needs. Capitalising on its advantage of serving 400,000 commercial and industrial customers, the Group makes every effort to promote the large-scale application of renewable energy, with "zero-carbon smart industrial parks" as its core model.

As at 30th June 2025, the Group had developed 128 zero-carbon smart industrial parks across 24 provincial regions. The installed capacity of commercial and industrial distributed photovoltaics reached 2.6 GW, showing steady growth from the end of 2024 with new grid connections of 0.3 GW. The cumulative grid-connected capacity for commercial and industrial energy storage reached 260 MWh. In the first half of 2025, the Group's photovoltaic electricity sales reached 1.18 billion kWh, up 44 per cent, with a power transaction settlement scale of 3.64 billion kWh, up 14 per cent. These positive figures demonstrate the ongoing expansion of the Group's market influence. The renewable energy segment recorded a net profit of approximately HK$172 million in the first half of the year, up 5 per cent year-on-year.

In terms of business model innovation, the Group has been vigorously developing its "Energy as a Service" ("EaaS") offering, accelerating the deployment of the commercial and industrial energy storage business and building an integrated "photovoltaic + energy storage + electricity sales" service system. This model leveraged the Group's technology, resources and market advantages to address challenges posed by market-driven fluctuations in renewable energy electricity pricing, not only enhancing the stability of energy supply for customers but also creating a new driver for profit growth.

In parallel with these initiatives, the Group continued to deepen its Assets under Management ("AuM") strategy, actively introducing strategic investors to co-invest in top-quality renewable energy projects to diversify investment risks and reduce pressures in expenditure. Building on the successful issuance of its first quasi-REIT product last year, the Group successfully issued the "Zero Carbon Smart Phase 2" quasi-REIT product in the first half of this year, raising RMB1 billion over the two phases to enhance cash flow. The Group is also planning to issue quasi-REITs product on a larger scale in the second half of the year. In line with the national energy transformation plan and the dual carbon goals, the Group will continue to build diversified financing channels to intensify investment in its renewable energy businesses.

In terms of technological innovation, the Group increased investments in its energy technology platform, comprehensively upgrading its smart energy ecosystems and optimising trading algorithms with cutting-edge technology. The Group is also leveraging AI technology to develop refined asset management and scientific trading strategies to improve project investment returns.

Environmental, Social and Governance

The Group is fully committed to integrating its Environmental, Social and Governance (“ESG”) strategy into operational decision-making and governance frameworks. An ESG Committee, chaired by the Chief Executive Officer, has been established at the Board level to coordinate and implement sustainable development goals. To strengthen its execution, the Group, under the leadership of HKCG’s ESG Committee, has coordinated the formation of 16 ESG Steering Committees and ESG Working Committees focused on different business areas. The Group’s commitment is to collectively drive ongoing improvements in its overall ESG performance.

During the first half of 2025, the Group continued to maintain an industry leading position in its ESG ratings. Building on its achievements in ESG management and practices, it has been selected for inclusion in the S&P Global Sustainability Yearbook (China Edition) for the past three consecutive years. Additionally, the Group’s performance on the FTSE4Good Index has also improved, reflecting its excellence in sustainable development.

In environmental management, the Group actively promoted green finance innovation. The issuance of two phases of quasi-REITs products attracted oversubscriptions from major state-owned commercial banks, securities firms, trust companies and state-owned investment institutions, while also achieving an AAA credit rating. This demonstrates the full market confidence in the Group’s smart energy development and comprehensive energy management capabilities.

On the social engagement front, the Group continued to deepen community connections and educational support. The Gentle Breeze Movement reached Changting County Experimental Primary School in Fujian Province this year, supporting diverse educational activities to promote students’ comprehensive development and help nurture talent that will contribute positively to society.

Looking ahead, the Group will continue to expand the application of smart energy technologies and engage in community practices. The goal is to become a leading enterprise in the green smart energy sector and contribute to the achievement of sustainable development goals together with the creation of a green energy world.

Business Outlook for 2025

Faced with a complex external environment, the Group anticipates continued challenges in the business environment and the various supply chains. The Group will proactively deploy measures and adopt prudent financial management, while maximising asset value through accelerated restructuring and activating new growth engines to maintain steady progress forward.

Looking ahead to the second half of the year, the Group will continue to deepen its "Gas+" integrated energy services strategy, further expanding business scales on its existing foundations, with a focus on breakthroughs in public institution energy cost trusteeship, as well as industrial and commercial energy-saving upgrade markets. In terms of digital transformation, the Group will comprehensively advance its AI empowerment plan, accelerating the implementation of innovative applications such as virtual warehouses, smart dispatch systems and digital stations, achieving operational efficiency improvements and cost optimisation through technological means. Simultaneously, the Group will further optimise its organisational structure and personnel allocation to improve per capita output efficiency and redirect released human resources to high-value-added business areas. This will accelerate the cultivation of new quality productive forces.

In the renewable energy sector, the Group's ongoing development and broad-based experience over the past few years has proven it is on the right track, providing promising prospects. Renewable energy is expected to continue as one of the key drivers of the Group's profit growth. At the same time, the Group is committed to accelerating technological innovation as well as research and development in energy storage technology, while leveraging AI to enhance power generation efficiency at energy stations. Despite increasingly fierce industry competition, the Group believes its current integrated business model, encompassing investment, construction and operations, remains competitive and can effectively address industry challenges.

In alignment with HKCG, the Group's strategies and goals are to maintain steady growth in the city-gas business while positioning the renewable energy business as a driver for expansion. The Group is thus further optimising its cash flow management to support business development and mitigate risks. Capitalising on its advantages in talent, technology and market positioning, the Group is fully committed to achieving rapid profit growth and delivering strong returns to its stakeholders in recognition of their continuing trust and support.

FINANCIAL REVIEW

Revenue

For the first half of 2025, the Group's total gas sales volume remained constant as compared to the corresponding period last year. The cost pass-throughs of piped gas continued to improve with majority of industrial and commercial customers have already adopted cost pass-throughs. Meanwhile, multiple cities where the Group's city-gas projects are located have achieved cost pass-throughs for residents. The ongoing downturn in the mainland property market has led to the decrease in number of new household gas connection, resulting in the decrease in gas connection sales. The Group's total revenue in the first half of 2025 amounted to HK$10,437 million, representing a decrease of 1 per cent compared to the corresponding period last year (increased by 0.3 per cent in RMB).

Operating Segments	Six months ended 30th June	
	2025	2024
	HK$ million	*HK$ million* (restated)
Sales of piped gas	8,860	8,672
Gas connection	624	814
Gas-related products and services	190	260
Gas business	9,674	9,746
Renewable energy business	763	755
Total	10,437	10,501

Total operating expenses

Total operating expenses of the Group included gas fuel, stores and materials used, staff costs, depreciation and amortisation, and other expenses. Total operating expenses in the first half of 2025 amounted to HK$9,626 million, representing an increase of 1 per cent compared to the corresponding period last year.

	Six months ended 30th June	
	2025	2024
	HK$ million	*HK$ million*
Gas fuel, stores and materials used	7,952	7,928
Staff costs	675	695
Depreciation and amortisation	627	603
Other expenses	372	325
Total	9,626	9,551

Total operating expenses and its ratio to total revenue remained constant as compared to the corresponding period last year.

Other gains, Net

Net other gains increased by 36 per cent from HK$109 million in the corresponding period last year to HK$148 million, mainly due to the impairment provision of property, plant and equipment and goodwill of HK$41 million made in last year.

Share of results of associates

The share of profits of associates increased by 91 per cent from HK$111 million in the corresponding period last year to HK$212 million. This was mainly driven by associates actively promoting cost pass-throughs resulting in a steady improvement in the city-gas dollar margin and the Group's proactive introduction of strategic investors and partners, as well as the disposal of certain subsidiaries' interests to promote the expansion of light-asset services in the renewable energy business. Upon completion of the disposal, these companies are no longer subsidiaries of the Group, but since the Group still retains partial interests, they are recognised as associates or joint ventures.

Share of results of joint ventures

The share of profits of joint ventures increased by 20 per cent from HK$139 million in the corresponding period last year to HK$166 million. This was mainly driven by certain joint ventures actively promoting cost pass-throughs, resulting in a steady improvement in the city-gas dollar margin.

Finance costs

The finance costs of the Group decreased by 8 per cent from HK$359 million in the corresponding period last year to HK$331 million. Stringent control of capital expenditure and successful securing of low-interest loans have reduced the finance costs.

Profit for the period

During the first half of 2025, profit attributable to shareholders of the Company amounted to HK$758 million, representing an increase of 2 per cent compared to the corresponding period last year. Basic earnings per share amounted to HK21.8 cents, representing a decrease of 1 per cent compared to the corresponding period last year.

FINANCIAL RESOURCES REVIEW

The Group has adopted a prudent approach in financial resources management, maintaining an appropriate level of cash and cash equivalents as well as adequate financing facilities to meet the requirements of day-to-day operations and business development, while also controlling borrowings at a healthy level.

As at 30th June 2025, the Group's borrowings amounted to HK$16,230 million (31st December 2024: HK$15,427 million), of which HK$4,699 million (31st December 2024: HK$3,696 million) represented borrowings due within 1 year, HK$10,925 million (31st December 2024: HK$10,640 million) represented borrowings due between 1 to 5 years, and HK$606 million (31st December 2024: HK$1,091 million) represented borrowings due over 5 years. Other than the HK$11,661 million (31st December 2024: HK$12,044 million) in borrowings which bore interests at fixed rates, the Group's other borrowings were arranged on a floating interest rate basis. The maturities and interest rates of the borrowings were arranged to provide sound financial resources and stable interest costs for the Group. The businesses of the Group mainly occurred on the Chinese mainland and most transactions, assets and liabilities were stated in RMB. As a result, the Group bore currency risk from fluctuations of RMB exchange rate for non-RMB denominated deposits and borrowings. The Group's borrowings denominated in RMB amounted to HK$14,646 million (31st December 2024: HK$13,859 million) and the remaining HK$1,584 million borrowings were denominated mainly in United States dollars ("USD") (31st December 2024: HK$1,568 million) as at the end of the period. Cross currency swaps contracts were made to hedge foreign currency risk for most of the non-RMB denominated borrowings so as to reduce risk arising from fluctuations of RMB. Apart from the borrowings as mentioned above, the Group also has RMB loans amounted to approximately HK$22 million (31st December 2024: HK$15 million), approximately HK$20 million (31st December 2024: HK$5 million) , approximately HK$0.36 million (31st December 2024: HK$4 million) and approximately HK$15 million (31st December 2024: HK$15 million) from HKCG, associates, joint ventures, and non-controlling shareholders on a fixed interest rate basis, respectively.

In order to expand funding channels, enhance the flexibility and ability of financing and strengthen its financial position, the Group issued its second quasi-REIT product on the Chinese mainland in the first half of 2025, with a scale of approximately RMB470 million, featuring a senior class security coupon rate of 2.2 per cent.

As at 30th June 2025, the Group's cash and cash equivalents together with time deposits and restricted deposits amounted to HK$3,343 million (31st December 2024: HK$2,730 million), of which 91 per cent (31st December 2024: 99 per cent) are RMB-denominated and the rest are denominated in HK$ and USD. The gearing ratio (net debt to total equity plus net debt) of the Group as at 30th June 2025 was 36 per cent (31st December 2024: 36 per cent).

As at 30th June 2025, the Group is able to raise approximately HK$13,582 million under the MTN Programme and unutilised facilities from banks and HKCG amounting to approximately HK$10,442 million.

The operating and capital expenditure of the Group is funded by cash flows from operations, internal liquidity, financing arrangements with banks, the MTN Programme, convertible bonds and equity funding. The Group maintains a strong liquidity position with its cash and cash equivalents on hand, unutilised credit facilities and MTN Programme. We have adequate financial resources to meet our contractual obligations and operating requirements. Benefiting from our good credit ratings, the Group enjoys favourable interest rates on bank loans and notes.

CREDIT RATINGS

Moody's Investors Service maintained the issuer rating of Towngas Smart Energy at "Baa1" with a "stable" outlook rating. Standard & Poor's also affirmed the long-term corporate credit rating of Towngas Smart Energy at "BBB+" and its rating outlook as "stable". In addition, China Chengxin International also maintained the credit rating of Towngas Smart Energy at "AAA" and its rating outlook as "stable". These ratings reflect the credit rating agencies' recognition of the Group's stable business and credit profile.

CONTINGENT LIABILITIES

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

EMPLOYEE AND REMUNERATION POLICIES

As at 30th June 2025, the Group had 23,556 employees (as at 30th June 2024: 24,171). Employee remuneration is based on individual performance, job nature and the relevant responsibilities involved. The Group provides on-the-job training as well as optimal benefits packages for employees, which include medical welfare, retirement plans, year-end bonuses and other incentives. The Group encourages employees to adopt a work-life balance, whilst improving the work environment for employees on a continuing basis so that they can realise their full potential and contribute to the Group.

INTERIM DIVIDEND

The Board declares the payment of an interim dividend of HK5 cents per share from the share premium account of the Company payable to shareholders whose names are on the register of members of the Company on 4th September 2025.

The proposed interim dividend will be payable in cash, with an option granted to shareholders to receive new and fully paid shares in lieu of cash in whole or in part of the interim dividend under the scrip dividend scheme (the "Scrip Dividend Scheme"). The new shares will, on issue, rank pari passu in all respects with the existing shares in issue on the date of the allotment and issue of the new shares except that they shall not be entitled to the interim dividend. The circular containing details of the Scrip Dividend Scheme and the relevant election form is expected to be sent to shareholders on or about 12th September 2025.

The Scrip Dividend Scheme is conditional upon the granting the listing of, and permission to deal in, the new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). It is expected that the cheques for cash dividends and the share certificates to be issued under the Scrip Dividend Scheme will be sent by ordinary mail to shareholders at their own risk on or about Friday, 17th October 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 2nd September 2025 to Thursday, 4th September 2025, both days inclusive, during which period no transfer of shares will be registered. **In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712 - 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 1st September 2025.**

OTHER INFORMATION

Corporate Governance

The Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30th June 2025.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. All Directors confirmed, following specific enquiries by the Company, that they had complied with the required standards set out in the Model Code throughout the six months ended 30th June 2025.

Purchases, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June 2025, except that the trustee of the share award scheme of the Company, pursuant to the terms of the rules and trust deed of the share award scheme, purchased on the Stock Exchange a total of 11,607,000 issued shares of the Company at a total consideration of approximately HK$40,206,000.

By Order of the Board
Peter Wong Wai-yee
Executive Director and Chief Executive Officer

Hong Kong, 15th August 2025

At the date of this announcement, the Board of the Company comprises:

Non-Executive Directors:
Dr. the Hon. Lee Ka-kit *(Chairman)*
Mr. Kenneth Liu Kai-lap

Independent Non-Executive Directors:
Dr. the Hon. Moses Cheng Mo-chi
Mr. Brian David Li Man-bun
Dr. Christine Loh Kung-wai

Executive Directors:
Mr. Peter Wong Wai-yee *(Chief Executive Officer)*
Mr. Martin Kee Wai-ngai *(Chief Operating Officer – Gas Business)*
Dr. John Qiu Jian-hang *(Chief Operating Officer – Renewable Business)*