



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 Report

Towards a Greener Future





Corporate Information

Board of Directors

Non-executive Directors

Lee Ka-kit (Chairman)
Kenneth Liu Kai-lap

Independent Non-executive Directors

Moses Cheng Mo-chi
Brian David Li Man-bun
Christine Loh Kung-wai

Executive Directors

Peter Wong Wai-ye (Chief Executive Officer)
John Qiu Jian-hang
(Chief Operating Officer – Renewable Business)
Zhou Heng-xiang*
(Chief Operating Officer – Mainland Gas Business)

Company Secretary

Elsa Wong Lai-kin

Board Audit and Risk Committee

Brian David Li Man-bun (Chairman)
Moses Cheng Mo-chi
Christine Loh Kung-wai

Remuneration Committee

Moses Cheng Mo-chi (Chairman)
Brian David Li Man-bun
Christine Loh Kung-wai

Nomination Committee

Lee Ka-kit (Chairman)
Moses Cheng Mo-chi
Brian David Li Man-bun
Christine Loh Kung-wai

Environmental, Social and Governance Committee

Peter Wong Wai-ye (Chairman)
Christine Loh Kung-wai
John Qiu Jian-hang
Zhou Heng-xiang*

Registered Office

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Cayman Islands

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Company's Website

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Cayman Islands

Hong Kong Branch Share Registrar

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17M Floor
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183 Queen's Road East
Wanchai, Hong Kong
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Fax: 2865 0990

Hong Kong Branch Share Transfer Office

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Auditor

Deloitte Touche Tohmatsu
*Certified Public Accountants and
Registered Public Interest Entity Auditor*
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Investor Relations

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* Appointed on 1st September 2025



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Financial Highlights

Highlights of the unaudited results of the Group's business for the first half of 2025 and the comparative figures for the corresponding period last year, unless otherwise stated, are as follows:

Revenue

(HK million dollars)



10,437
2024
10,501

Core operating profit

(HK million dollars)



719
2024
707

Profit attributable to shareholders

(HK million dollars)



758
2024
743

Basic earnings per share

(HK cents)



21.8
2024
22.1

Interim dividend per share

(HK cents)



5.0
2024
N/A

Total photovoltaic grid connection

(as at 30th June, GW)



2.6
2024
2.3[#]

Gas sales volume

(million cubic metres)



8,746
2024
8,741

Number of city-gas customers

(as at 30th June, million*)



18.02
2024
17.64[#]

* Inclusive of all city-gas projects of the Group

as at 31st December 2024

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.



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 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 property market downturn on its connection businesses.

In response to the challenging market environment, the Group actively pursued market expansion, 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 improvement 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 for pipelines, AI-assisted regular safety inspection and smart stations empowered by 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.

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 HK\$ million	2024 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 HK\$ million	2024 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.

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 Medium Term Note Programme ("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.

Interim Dividend

The board of directors (the "Board") has declared the payment of an interim dividend of HK5 cents per share from the share premium account of Towngas Smart Energy Company Limited (the "Company") payable to shareholders whose names are on the register of members of the Company on 4th September 2025.

The 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.**

Directors' Interests or Short Positions in Shares, Underlying Shares and Debentures

As at 30th June 2025, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required pursuant to: (a) Divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares and underlying Shares

Name of Company	Name of Director	Capacity	Interest in shares			Number of underlying shares pursuant to share options (Note 1)	Aggregate interest	%*
			Personal interest	Corporate interest	Other interest			
Towngas Smart Energy Company Limited	Lee Ka-kit	Discretionary beneficiary of discretionary trusts	-	-	2,511,142,069	-	2,511,142,069	72.11
	(Notes 2, 3 & 6)							
	Peter Wong Wai-yee	Beneficial owner	9,746,000	-	-	3,600,000	13,346,000	0.38
	(Note 4)							
	Martin Kee Wai-ngai	Beneficial owner	2,300,000	-	-	1,400,000	3,700,000	0.11
	John Qiu Jian-hang	Beneficial owner	4,348,868	-	-	2,850,000	7,198,868	0.21
	(Note 5)							
The Hong Kong and China Gas Company Limited ("HKCG")	Lee Ka-kit	Discretionary beneficiary of discretionary trusts	-	-	7,748,692,715	-	7,748,692,715	41.53
	(Note 6)							

* Percentage which the aggregate long position in the ordinary shares or underlying shares represents to the number of issued ordinary shares of the Company or any of its associated corporations.

Notes:

- These underlying shares (being regarded for the time being as unlisted physically settled equity derivatives) represent share options granted by the Company under its existing share option scheme. Details of the share options are set out in the section headed "Share Option Scheme" below.
- By virtue of SFO, Rimmer (Cayman) Limited ("Rimmer"), Riddick (Cayman) Limited ("Riddick") and Hopkins (Cayman) Limited ("Hopkins") are respectively interested in 2,511,142,069 shares of the Company, which are duplicated in the interests described in Notes 3 and 6. All the issued shares in Rimmer, Riddick and Hopkins were beneficially owned by the late Dr. the Hon. Lee Shau-kee and his sons, each of Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing will inherit certain shares in Rimmer, Riddick and Hopkins. Rimmer and Riddick (the relevant trustees of the respective discretionary trusts) hold units in a unit trust of which Hopkins is the trustee ("Unit Trust") as described in Note 6, but each is not entitled to any interest in its trust assets which are, in the ordinary course of business, held by Hopkins as trustee of the Unit Trust independently without any reference to shareholders of Hopkins, and each of Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing remains to be one of the discretionary beneficiaries of such discretionary trusts.

Other Information

3. On 30th June 2025, HKCG's subsidiaries submitted election forms with the Company by electing to receive new shares in lieu of cash dividend pursuant to the Company's scrip dividend scheme. Dr. the Hon. Lee Ka-kit, as one of the discretionary beneficiaries of the discretionary trusts, is deemed under the SFO to be interested in approximately 41.53% of the total number of issued shares in HKCG and 2,511,142,069 shares of the Company representing approximately 72.11% of the total number of issued shares of the Company as at 30th June 2025. Subsequent to the allotment and issue of 131,220,293 new shares by the Company to HKCG's subsidiaries pursuant to the scrip dividend scheme on 14th July 2025, the approximate percentage figure of the number of issued shares of the Company as at the date of this report as held by HKCG's subsidiaries was 69.13%.
4. Upon Mr. Peter Wong Wai-yee's submission of an election form with the Company electing to receive new shares in lieu of cash dividend pursuant to the Company's scrip dividend scheme on 30th June 2025 and the subsequent allotment and issue of 414,000 new shares to Mr. Peter Wong Wai-yee by the Company on 14th July 2025, Mr. Peter Wong Wai-yee had personal interest of 13,346,000 shares and underlying shares of the Company, representing approximately 0.37% of the number of issued shares of the Company as at the date of this report.
5. Upon Dr. John Qiu Jian-hang's submission of an election form with the Company electing to receive new shares in lieu of cash dividend pursuant to the Company's scrip dividend scheme on 30th June 2025 and the subsequent allotment and issue of 148,868 new shares to Dr. John Qiu Jian-hang by the Company on 14th July 2025, Dr. John Qiu Jian-hang had personal interest of 7,198,868 shares and underlying shares of the Company, representing approximately 0.20% of the number of issued shares of the Company as at the date of this report.
6. Rimmer and Riddick as trustees of different discretionary trusts, held units in the Unit Trust. Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of Henderson Development Limited ("Henderson Development"). Henderson Development was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of Henderson Land Development Company Limited ("Henderson Land Development"). Henderson Land Development through its subsidiaries was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HKCG. Dr. the Hon. Lee Ka-kit as one of the discretionary beneficiaries of the 2 discretionary trusts, was taken to have duties of disclosure in relation to these 7,748,692,715 shares by virtue of Part XV of the SFO.

Save as stated above, as at 30th June 2025, there were no other interests or short positions of the Directors and the chief executive in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 26th May 2022 (the "SOS Adoption Date") and the Share Option Scheme was also approved by ordinary resolution of the shareholders of HKCG, the parent company of the Company, at HKCG's annual general meeting on 6th June 2022. The eligible participants include any (i) director, chief executive or employee (whether full-time or part-time) of each member of the Group; and (ii) consultant and other adviser to each member of the Group who is also a director and/or senior management staff of subsidiary(ies) of HKCG. The Share Option Scheme is valid and effective for a period of 10 years commencing on the SOS Adoption Date.

For further details of the Share Option Scheme including a summary of the principal terms of the Share Option Scheme, please refer to the Company's circular dated 14th April 2022 and the Company's 2024 Annual Report.

Other Information

Details and movements of share options that were granted under the Share Option Scheme or remained outstanding during the period ended 30th June 2025 are as follows:

Grantee	Date of Grant	Closing Price of the Shares Immediately before the Date of Grant (HK\$)	Exercise Period	Vesting Date [#]	Exercise price (HK\$)	Number of share options				
						Outstanding as at 01.01.2025	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period	Outstanding as at 30.06.2025
Category 1: Directors										
Peter Wong Wai-yee	25.11.2022	3.42	25.11.2023 – 24.11.2025	25.11.2023*	3.40	1,800,000	–	–	–	1,800,000
	18.03.2025	3.54	18.03.2026 – 17.03.2028	18.03.2026	3.57	–	1,800,000	–	–	1,800,000
Martin Kee Wai-ngai	25.11.2022	3.42	25.11.2023 – 24.11.2025	25.11.2023*	3.40	900,000	–	–	–	900,000
	18.03.2025	3.54	18.03.2026 – 17.03.2028	18.03.2026	3.57	–	500,000	–	–	500,000
John Qiu Jian-hang	25.11.2022	3.42	25.11.2023 – 24.11.2025	25.11.2023*	3.40	1,350,000	–	–	–	1,350,000
	18.03.2025	3.54	18.03.2026 – 17.03.2028	18.03.2026	3.57	–	1,500,000	–	–	1,500,000
Category 2: Others										
(i) directors or senior management staff of the subsidiaries of the Company; and	25.11.2022	3.42	25.11.2023 – 24.11.2025	25.11.2023*	3.40	6,424,000	–	(169,000)	(1,958,000)	4,297,000
	18.03.2025	3.54	18.03.2026 – 17.03.2028	18.03.2026	3.57	–	7,800,000	–	–	7,800,000
(ii) directors of both subsidiaries of the Company and of HKCG										
Total						10,474,000	11,600,000	(169,000)	(1,958,000)	19,947,000

[#] The vesting period of the share options fell on/will fall on the first anniversary of the date of grant, i.e. 25th November 2023 and 18th March 2026 respectively.

^{*} The weighted average closing price of the shares immediately before the vesting date, i.e. 25th November 2023 was HK\$3.33 per share.

During the six months ended 30th June 2025, 11,600,000 share options were granted, 1,958,000 share options were exercised, 169,000 share options were lapsed and no share options were vested and cancelled, and no share options granted were in excess of the 1% individual limit under the Share Option Scheme during the six months ended 30th June 2025.

The number of share options available for grant under the Share Option Scheme as at 1st January 2025 and 30th June 2025 was 304,326,534 and 294,084,534 respectively. No service provider sublimit was set under the Share Option Scheme.

The number of shares that may be issued in respect of options granted under the Share Option Scheme during the six months ended 30th June 2025 was 19,947,000, representing approximately 0.57% of the weighted average number of shares of the Company in issue for the period.

Further details on the accounting standard and policy adopted for the Share Option Scheme and the weighted average closing price of the shares immediately before the date(s) on which the share options were granted are set out in Note 19 to the condensed consolidated financial statements.

Share Award Scheme

The Company adopted a share award scheme (the “Share Award Scheme”) on 17th August 2021 (the “Adoption Date”) for the purposes of (a) recognising the contributions by certain directors or employees of the Group and providing them with incentives in order to retain them for the continual operation and development of the Group; and (b) attracting suitable personnel for the further development of the Group and to contribute to the long-term growth of the Group. The Share Award Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date. Further details of the Share Award Scheme have been disclosed in the Company’s announcement dated 17th August 2021.

Tricor Trust (Hong Kong) Limited was appointed as a trustee of the Share Award Scheme. Subject to the terms and conditions of the Share Award Scheme and the fulfilment of all vesting conditions, the award shares held by the trustee on behalf of a selected participant shall vest in such selected participant and the trustee shall transfer the award shares to such selected participant.

Details and movements of share awards that were granted under the Share Award Scheme or remained outstanding during the period ended 30th June 2025 are as follows:

				Number of award shares				
Selected participant	Date of Grant	Vesting Period	Vesting Date	Unvested as at	Granted during	Vested during	Forfeited/ Lapsed during	Unvested as at
				01.01.2025	the period ended 30.06.2025	the period ended 30.06.2025	the period ended 30.06.2025	30.06.2025
Category 1: Directors								
Peter Wong Wai-yee	18.03.2025	18.03.2025 – 30.04.2025	30.04.2025	–	1,800,000	1,800,000	–	–
Martin Kee Wai-ngai	18.03.2025	18.03.2025 – 30.04.2025	30.04.2025	–	500,000	500,000	–	–
John Qiu Jian-hang	18.03.2025	18.03.2025 – 30.04.2025	30.04.2025	–	1,500,000	1,500,000	–	–
Category 2: Others								
Employee participants	18.03.2025	18.03.2025 – 30.04.2025	30.04.2025	–	7,800,000	7,800,000	–	–
Total				–	11,600,000	11,600,000	–	–

Other Information

The closing price of the shares immediately before the date of grant is HK\$3.54. Further details on the accounting standard and policy adopted and the weighted average closing price of the shares immediately before the date on which the award shares were vested are set out in Note 19 to the condensed consolidated financial statements.

As at 1st January 2025, the trustee had 24,000 shares held in trust for the Share Award Scheme. During the six months ended 30th June 2025, the trustee purchased a total of 11,607,000 shares of the Company on the market at an average purchase price of HK\$3.47 for the purpose of the Share Award Scheme, and accordingly an aggregate of 11,631,000 shares were available for granting during the period. After the grant of 11,600,000 share awards on 18th March 2025 and the vesting of such shares on 30th April 2025, the trustee holds the remaining 31,000 shares and such shares are available for future grant.

Save as disclosed above, no share awards were lapsed and/or forfeited and no share awards granted were in excess of the 1% individual limit during the six months ended 30th June 2025.

Arrangements to Purchase Shares or Debentures

Other than the Share Option Scheme and Share Award Scheme as mentioned above, at no time during the period was the Company, its holding company, fellow subsidiaries or any of its subsidiaries a party to any arrangements to enable the Directors (including their spouses and children under the age of 18) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders

As at 30th June 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders (other than the Directors or chief executive of the Company as disclosed above) had notified the Company of relevant interests and short positions in the issued shares of the Company (the "Shares"):

Long Positions in Shares

Name of shareholder	Capacity	No. of Shares in which interested	%*
Rimmer	Trustee	2,511,142,069 (Notes 1 & 2)	72.11 (Note 4)
Riddick	Trustee	2,511,142,069 (Notes 1 & 2)	72.11 (Note 4)
Hopkins	Interest of controlled corporations	2,511,142,069 (Notes 1 & 2)	72.11 (Note 4)
Henderson Development	Interest of controlled corporations	2,511,142,069 (Notes 1 & 2)	72.11 (Note 4)

Other Information

Name of shareholder	Capacity	No. of Shares in which interested	%*
Henderson Land Development	Interest of controlled corporations	2,511,142,069 (Notes 1 & 2)	72.11 (Note 4)
Faxson Investment Limited ("Faxson")	Interest of controlled corporations	2,511,142,069 (Notes 1 & 2)	72.11 (Note 4)
HKCG	Interest of controlled corporations	2,511,142,069 (Notes 2 & 3)	72.11 (Note 4)
Towngas International Company Limited ("TICL")	Interest of controlled corporation	2,294,831,459 (Notes 2 & 3)	65.89 (Note 4)
Hong Kong & China Gas (China) Limited ("HK&CG (China)")	Beneficial owner	2,294,831,459 (Notes 2 & 3)	65.89 (Note 4)
Towngas Investment Company Limited ("TICL-HK")	Interest of controlled corporations	216,310,610 (Notes 2 & 3)	6.21 (Note 4)
Planwise Properties Limited ("Planwise")	Beneficial owner	212,691,473 (Notes 2 & 3)	6.11 (Note 4)
Tang Kok Yew	Interest of controlled corporations	471,050,984 (Note 5)	13.53
Capstar Holdings ("Capstar")	Interest of controlled corporations	471,050,984 (Note 5)	13.53
Affinity Fund V General Partner Limited ("Affinity Fund V")	Interest of controlled corporations	471,050,984 (Note 5)	13.53
Converging Worldview Investments Pte. Ltd. ("Converging Worldview")	Interest of controlled corporations	471,050,984 (Note 5)	13.53
Clean Energy Ecosystem Pte. Ltd. ("Clean Energy Ecosystem")	Beneficial owner	471,050,984 (Note 5)	13.53

Other Information

Name of shareholder	Capacity	No. of Shares in which interested	%*
Central Huijin Investment Ltd. ("Central Huijin")	Interest of controlled corporations	350,350,000 (Note 6)	10.06
Industrial and Commercial Bank of China Limited ("ICBC")	Interest of controlled corporations	350,350,000 (Note 6)	10.06
ICBC International Holdings Limited ("ICBC International")	Interest of controlled corporations	350,350,000 (Note 6)	10.06
ICBC International Investment Management Limited ("ICBC International Management")	Interest of controlled corporations	350,350,000 (Note 6)	10.06
Victory Ride Holdings Limited ("Victory Ride")	Interests held jointly with another person	350,350,000 (Note 6)	10.06

* Percentage which the aggregate long position in the Shares represents to the number of issued shares of the Company.

Notes:

- By virtue of the SFO, Rimmer, Riddick and Hopkins are respectively interested in 2,511,142,069 Shares, which are duplicated in the interests described in Notes 2 and 3. All the issued shares in Rimmer, Riddick and Hopkins were beneficially owned by the late Dr. the Hon. Lee Shau-kee and his sons, each of Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing will inherit certain shares in Rimmer, Riddick and Hopkins. Rimmer and Riddick (the relevant trustees of the respective discretionary trusts) hold units in a unit trust of which Hopkins is the trustee ("Unit Trust") as described in Note 2, but each is not entitled to any interest in its trust assets which are, in the ordinary course of business, held by Hopkins as trustee of the Unit Trust independently without any reference to shareholders of Hopkins, and each of Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing remains to be one of the discretionary beneficiaries of such discretionary trusts.
- Rimmer and Riddick as trustees of respective discretionary trusts, held units in a Unit Trust. Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of Henderson Development. Henderson Development was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of Henderson Land Development. Henderson Land Development through its subsidiaries (including Faxson) was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HKCG. Each of Rimmer, Riddick, Hopkins, Henderson Development, Henderson Land Development and Faxson was therefore taken to be interested in the same 2,511,142,069 Shares which HKCG is deemed interested in as described in Note 3 below by virtue of Part XV of the SFO.
- As HK&CG (China) was a wholly-owned subsidiary of TICL, which in turn was a wholly-owned subsidiary of HKCG, each of TICL and HKCG was therefore taken to be interested in the 2,294,831,459 Shares held by HK&CG (China) by virtue of Part XV of the SFO. In addition, as Planwise and Superfun Enterprises Limited ("Superfun") were wholly-owned subsidiaries of TICL-HK, which in turn was a wholly-owned subsidiary of HKCG, each of TICL-HK and HKCG was therefore taken to be interested in 216,310,610 Shares, which included (a) the 212,691,473 Shares held by Planwise; and (b) the 3,619,137 Shares held by Superfun by virtue of Part XV of the SFO.
- Subsequent to the allotment and issue of a total 131,220,293 new Shares to HK&CG (China), Planwise and Superfun by the Company on 14th July 2025, the approximate percentage figures of interest of (i) HKCG, (ii) TICL and HK&CG (China), (iii) TICL-HK and (iv) Planwise in the Shares were therefore adjusted to (i) 69.13%, (ii) 63.17%, (iii) 5.95% and (iv) 5.86%, respectively, as at 14th July 2025.

Other Information

5. Mr. Tang Kok Yew was taken to be interested in the Shares which were held by Clean Energy Ecosystem through his controlled corporations Capstar, Affinity Fund V and Converging Worldview, including (i) 116,783,333 Shares (representing approximately 3.35% of the number of issued Shares as at 30th June 2025); and (ii) unlisted convertible bonds of the Company ("Unlisted Convertible Bonds"), which may be fully converted into 365,959,653 Shares based on the adjusted conversion price (as adjusted after the allotment and issue of scrip shares pursuant to the scrip dividend scheme of the Company on 12th July 2022, 11th July 2023 and 12th July 2024) of HK\$6.06 per convertible Share. Following the allotment and issue of scrip shares pursuant to the scrip dividend scheme of the Company and another adjustment event on 14th July 2025, the Unlisted Convertible Bonds may be fully converted into 373,352,777 Shares based on the adjusted conversion price of HK\$5.94 per convertible Share as disclosed in the announcement of the Company dated 14th July 2025.
6. Central Huijin was taken to have acquired a security interest in these Unlisted Convertible Bonds, which might be fully converted into 350,350,000 Shares through its controlled corporations, ICBC, ICBC International, ICBC International Management and Victory Ride. Victory Ride held these security interests of Unlisted Convertible Bonds jointly with another person. The interests were disclosed according to the disclosure of interest filing made by each of Victory Ride, Central Huijin, ICBC, ICBC International and ICBC International Management on 17th August 2022.

Save for the shareholders as disclosed herein, the Directors are not aware of any persons who, as at 30th June 2025, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Short Positions in Shares and Underlying Shares

As at 30th June 2025, the Company had not been notified of any short positions being held by any substantial shareholder in the Shares or underlying Shares.

Other Persons

Save as disclosed above, as at 30th June 2025, the Company had not been notified of any other person who had interest or short position in the Shares or underlying Shares, which are required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Equity-linked Agreements

Issue of New Shares and Convertible Bonds under General Mandate

On 18th November 2021, the Company issued (a) 116,783,333 subscription shares at the aggregate subscription price of HK\$583,916,665 (equivalent to HK\$5.00 per subscription share) (the "Share Issue"); and (b) the 1% unsecured convertible bonds due 2026 in the principal amount of RMB1,835,603,119.35 (the "Convertible Bonds") (equivalent to HK\$2,217,715,500 at the exchange rate agreed with Clean Energy Ecosystem Pte. Ltd. (the "Investor")) (the "Convertible Bonds Issue") to the Investor pursuant to the subscription agreement dated 25th October 2021 entered into between the Company and the Investor. Based on the adjusted conversion price of HK\$6.06 per Conversion Share subsequent to the adjustment events on 12th July 2022, 11th July 2023 and 12th July 2024, a maximum number of 365,959,653 Conversion Shares may be allotted and issued by the Issuer upon full conversion of the Convertible Bonds. No application has been or will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

Other Information

As a result of (a) the payment of the final dividend of HK16 cents per Share and the special dividend of HK3 cents per Share in respect of the year ended 31st December 2024 (the “Dividends”) by the Company (in the form of cash or new Shares issued pursuant to the scrip dividend scheme of the Company which allows Shareholders to elect to receive the Dividends wholly or partly by the allotment of new shares (the “Scrip Shares”) in lieu of cash); and (b) the completion of issue of Scrip Shares at the value of HK\$3.446 per Share pursuant to the scrip dividend scheme of the Company (as detailed in the relevant circular of the Company dated 13th June 2025) on 14th July 2025, the conversion price of the Convertible Bonds has been further adjusted from HK\$6.06 per Share to HK\$5.94 per Share and the maximum number of Shares to be issued by the Company upon full conversion of the Convertible Bonds has been further increased from 365,959,653 Shares to 373,352,777 Shares when compared to the adjustment made in 2024. As at 30th June 2025, none of the Convertible Bonds were converted.

For further details, please refer to the Company’s announcements dated 25th October 2021, 18th November 2021, 12th July 2022, 11th July 2023, 12th July 2024 and 14th July 2025.

The aggregate gross proceeds from the Share Issue and the Convertible Bonds Issue were approximately HK\$2,802,000,000 and the aggregate net proceeds were approximately HK\$2,800,000,000. As at 30th June 2025, none of the Convertible Bonds were converted. The net proceeds raised from the Share Issue and the Convertible Bonds Issue have been fully utilised by the Company for business expansion – including investment in smart energy business in years 2021 and 2022. There were no remaining unutilized net proceeds as at 30th June 2025.

Other than the Convertible Bonds Issue as mentioned above, no equity-linked agreements were entered into by the Group, or existed during the six months ended 30th June 2025.

Corporate Governance

The Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to 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 to the Listing Rules 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.

Board Audit and Risk Committee

The Company has established a board audit and risk committee (the “Board Audit and Risk Committee”) in accordance with requirements under the Listing Rules for the purposes of reviewing and supervising the Group’s financial reporting processes, risk management and internal control systems.

A meeting of the Board Audit and Risk Committee was held on 7th August 2025 to review the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June 2025. Deloitte Touche Tohmatsu, the Group’s external auditor, had carried out a review of the unaudited condensed consolidated financial statements for the six months ended 30th June 2025 in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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.

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.

Changes in the Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are shown as follows:

- 1) **Dr. the Hon. Moses Cheng Mo-chi** GBM, GBS, OBE, JP
Independent Non-Executive Director

Dr. the Hon. Cheng has been appointed as Chairman of the Hong Kong Maritime and Port Development Board by the Government of the Hong Kong Special Administrative Region since 1st July 2025.

- 2) **Dr. Christine Loh Kung-wai** SBS, OBE, JP, Chevalier de l'Ordre National du Mérite
Independent Non-Executive Director

Dr. Loh was formerly a director of Global Maritime Forum, an industry platform managed from Denmark for senior management to discuss maritime issues.

- 3) **Mr. Peter Wong Wai-ye** CPA (CANADA), CMA, CPA (HK), ACG, HKACG, FIGEM, FHKIoD, FHKMA, MBA
Executive Director and Chief Executive Officer

Mr. Wong ceased to be a Council member of the Vocational Training Council on 30th June 2025.

Other Information

- 4) With effect from 1st July 2025, the monthly basic salary payable to Mr. Peter Wong Wai-yee as Executive Director and Chief Executive Officer, Mr. Martin Kee Wai-ngai as Executive Director and Chief Operating Officer – Gas Business, and Dr. John Qiu Jian-hang as Executive Director and Chief Operating Officer – Renewable Business of the Company, respectively, has increased by approximately 3.5% which was an adjustment to basic salaries made by the Company in July 2025, in addition to their entitlement of performance and discretionary bonus, share-based payments and other benefits to be determined by the Remuneration Committee and the Board after the end of the year.

By Order of the Board

Peter Wong Wai-yee

Executive Director and Chief Executive Officer

Hong Kong, 15th August 2025

Deloitte.

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TO THE BOARD OF DIRECTORS OF TOWNGAS SMART ENERGY COMPANY LIMITED

港華智慧能源有限公司

Introduction

We have reviewed the condensed consolidated financial statements of Towngas Smart Energy Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 25 to 60, which comprise the condensed consolidated statement of financial position as of 30th June 2025 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

15th August 2025



Condensed Consolidated Income Statement

For the six months ended 30th June 2025

		Six months ended 30th June	
		2025	2024
		HK\$'000	HK\$'000
	NOTES	(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	9		
– 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		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
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
<i>Items that may be reclassified subsequently to profit or loss</i>		
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

		At 30th June 2025 HK\$'000 (unaudited)	At 31st December 2024 HK\$'000 (audited)
	NOTES		
Non-current assets			
Property, plant and equipment	11	29,648,972	28,435,338
Right-of-use assets	11	888,611	868,439
Intangible assets		356,999	355,416
Goodwill	12	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	13	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	14	1,051,589	1,021,371
		9,250,880	8,930,343

Condensed Consolidated Statement of Financial Position

At 30th June 2025

		At 30th June 2025 HK\$'000 (unaudited)	At 31st December 2024 HK\$'000 (audited)
	NOTES		
Current liabilities			
Trade and other payables and accrued charges	15	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	16	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	17	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	16	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	18	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



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2025

	Attributable to shareholders of the Company										Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Hedge reserve HK\$'000	General reserve HK\$'000	Investment revaluation reserve HK\$'000	Share-based payment reserve HK\$'000	Shares held for share award scheme HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
At 1st January 2025 (audited)	348,065	5,884,913	(593,101)	(92,517)	789,277	804,320	9,379	(108)	16,297,510	23,447,738	2,310,282	25,758,020
Exchange differences on translation from functional currency to presentation currency	-	-	695,538	-	-	-	-	-	-	695,538	43,683	739,221
Fair value change on investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(64,251)	-	-	-	(64,251)	-	(64,251)
Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	16,062	-	-	-	16,062	-	16,062
Net fair value change on derivative instruments designated as cash flow hedge recorded in hedge reserve	-	-	-	(16,946)	-	-	-	-	-	(16,946)	-	(16,946)
Reclassification of fair value change on derivative instruments designated as cash flow hedge to profit or loss	-	-	-	29,393	-	-	-	-	-	29,393	-	29,393
Profit for the period	-	-	-	-	-	-	-	-	758,391	758,391	79,931	838,322
Total comprehensive income (expense) for the period	-	-	695,538	12,447	-	(48,189)	-	-	758,391	1,418,187	123,614	1,541,801
Transfer	-	-	-	-	49,613	-	-	-	(49,613)	-	-	-
Recognition of share-based payments upon grant of share options (Note 19)	-	-	-	-	-	-	2,344	-	-	2,344	-	2,344
Share options lapsed (Note 19)	-	-	-	-	-	-	(324)	-	324	-	-	-
Share options exercised (Note 19)	196	8,186	-	-	-	-	(1,725)	-	-	6,657	-	6,657
Purchase of shares under share award scheme (Note 19)	-	-	-	-	-	-	-	(40,206)	-	(40,206)	-	(40,206)
Recognition of share-based payments upon grant of shares under share award scheme (Note 19)	-	-	-	-	-	-	-	40,207	1,205	41,412	-	41,412
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	49,753	49,753
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	9,497	9,497
Release of exchange reserve upon disposal of subsidiaries	-	-	13,552	-	-	-	-	-	(13,552)	-	-	-
Dividends declared to shareholders of the Company (Note 10)	-	(661,319)	-	-	-	-	-	-	-	(661,319)	-	(661,319)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(59,420)	(59,420)
	196	(653,133)	13,552	-	49,613	-	295	1	(61,636)	(651,112)	(170)	(651,282)
At 30th June 2025 (unaudited)	348,261	5,231,780	115,989	(80,070)	838,890	756,131	9,674	(107)	16,994,265	24,214,813	2,433,726	26,648,539

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2025

	Attributable to shareholders of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Hedge reserve HK\$'000	General reserve HK\$'000	Investment revaluation reserve HK\$'000	Share-based payment reserve HK\$'000	Shares held for share award scheme HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000	
At 1st January 2024 (audited)	335,450	6,068,407	174,722	(92,452)	570,460	831,185	10,247	(108)	14,949,301	22,847,212	2,383,278	25,230,490	
Exchange differences on translation from functional currency to presentation currency	-	-	(459,941)	-	-	-	-	-	-	(459,941)	(43,730)	(503,671)	
Fair value change on investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(95,572)	-	-	-	(95,572)	-	(95,572)	
Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	23,893	-	-	-	23,893	-	23,893	
Net fair value change on derivative instruments designated as cash flow hedge recorded in hedge reserve	-	-	-	32,926	-	-	-	-	-	32,926	-	32,926	
Reclassification of fair value change on derivative instruments designated as cash flow hedge to profit or loss	-	-	-	(42,025)	-	-	-	-	-	(42,025)	-	(42,025)	
Profit for the period	-	-	-	-	-	-	-	-	742,714	742,714	103,474	846,188	
Total comprehensive (expense) income for the period	-	-	(459,941)	(9,099)	-	(71,679)	-	-	742,714	201,995	59,744	261,739	
Transfer	-	-	-	-	35,302	-	-	-	(35,302)	-	-	-	
Share options lapsed (Note 19)	-	-	-	-	-	-	(788)	-	788	-	-	-	
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	(22,086)	(22,086)	(21,256)	(43,342)	
Deemed disposal/disposal of subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	-	(39,632)	(39,632)	
Release of exchange reserve upon disposal of subsidiaries	-	-	5,454	-	-	-	-	-	(5,454)	-	-	-	
Dividends declared to shareholders of the Company (Note 10)	-	(536,717)	-	-	-	-	-	-	-	(536,717)	-	(536,717)	
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(79,181)	(79,181)	
	-	(536,717)	5,454	-	35,302	-	(788)	-	(62,054)	(558,803)	(140,069)	(698,872)	
At 30th June 2024 (unaudited)	335,450	5,531,690	(279,765)	(101,551)	605,762	759,506	9,459	(108)	15,629,961	22,490,404	2,302,953	24,793,357	



Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June 2025

		Six months ended 30th June	
		2025	2024
		HK\$'000	HK\$'000
NOTE		(unaudited)	(unaudited)
Net cash generated from operating activities		934,553	919,456
Investing activities			
	Purchases of property, plant and equipment	(1,432,378)	(2,048,843)
	Purchase of right-of-use assets	(5,702)	(7,933)
	Proceeds from disposal of property, plant and equipment	11,893	42,650
	Acquisition of assets through acquisition of subsidiaries (net of cash and cash equivalents acquired)	–	(57,668)
	Acquisition of a subsidiary (net of cash and cash equivalents acquired)	(41,747)	–
	Payments for acquisition of subsidiaries in prior year	–	(97,198)
	Deemed disposal/disposal of subsidiaries (net of cash and cash equivalents disposed)	22 324,511	79,736
	Consideration received for disposal of subsidiaries in prior year	160,306	–
	Acquisition of associates	(14,845)	–
	Acquisition of joint ventures	(5,916)	(656)
	Capital contribution to associates	(76,787)	–
	Repayment of loans to associates	35,018	76
	Advances to associates	(71)	(1,150)
	Capital contribution to joint ventures	–	(23,089)
	Repayment of loan to a joint venture	8,603	164,426
	Advances to a joint venture	(15,480)	(32,274)
	Placement of restricted deposits	(5,377)	(9,141)
	Increase in time deposits over three months	(5,998)	(15,994)
	Dividends received from associates	206,477	297,199
	Dividends received from joint ventures	76,623	81,182
	Dividends received from equity instruments at fair value through other comprehensive income	35,104	36,947
	Other investing cash flows	12,609	4,155
Net cash used in investing activities		(733,157)	(1,587,575)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June 2025

	Six months ended 30th June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Financing activities		
Purchase of shares held for share award scheme	(40,206)	–
Proceeds from exercise of share options	6,657	–
Acquisition of additional interest in subsidiaries	–	(43,342)
Capital contribution from non-controlling shareholders of subsidiaries	9,497	–
Dividends paid to non-controlling shareholders of subsidiaries	(59,420)	(79,181)
Loan from ultimate holding company	20,710	65,856
Repayment of loan from ultimate holding company	(14,140)	(49,482)
Advances from associates	19,660	–
Repayment of loans from associates	(5,378)	(24)
Advances from joint ventures	5,389	13
Repayment of loans from joint ventures	(8,590)	(26,792)
New bank and other loans raised	7,948,411	5,109,491
Repayments of bank and other loans	(7,555,374)	(4,385,694)
Repayment of lease liabilities	(18,555)	(92,804)
Net cash generated from financing activities	308,661	498,041
Net increase (decrease) in cash and cash equivalents	510,057	(170,078)
Cash and cash equivalents at beginning of the period	2,699,885	4,083,884
Effect of foreign exchange rate changes	89,547	(89,561)
Cash and cash equivalents at end of the period, representing bank balances and cash	3,299,489	3,824,245



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

1. BASIS OF PREPARATION

The Company is a public limited company incorporated in the Cayman Islands on 16th November 2000 under the Companies Law (Revised) Chapter 22 of the Cayman Islands as an exempted company with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). In the opinion of the directors of the Company (“Directors”), the Group’s parent holding company and ultimate controlling shareholder is The Hong Kong and China Gas Company Limited (“HKCG”), a limited company incorporated in Hong Kong with its shares listed on the Stock Exchange.

The functional currency of the Company is Renminbi (“RMB”). The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$” or “HKD”). The reason for selecting HKD as its presentation currency is because the Company is a public company incorporated in the Cayman Islands with its shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the sales of piped gas, renewable energy and other types of energy, construction of gas pipelines, the sales of gas appliances and related products, and other value-added services in the People’s Republic of China (the “PRC”).

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

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 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 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. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are stated at fair values at the end of each reporting period as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December 2024.

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 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
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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, as stated in note 22, 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 re-presented 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 (as detailed in note 22) 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".

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

3. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Segment revenue and results

Information regarding these segments is presented below:

	Gas business					Renewable energy business HK\$'000	Extended business HK\$'000	Consolidated HK\$'000			
	Sales of piped gas HK\$'000	Gas connection HK\$'000	Gas-related products and services HK\$'000	Others HK\$'000	Sub-total HK\$'000						
Six months ended 30th June 2025 (unaudited)											
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			

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

3. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Segment revenue and results (Continued)

	Gas business					Renewable energy business HK\$'000	Consolidated HK\$'000
	Sales of piped gas HK\$'000	Gas connection HK\$'000	Gas-related products and services HK\$'000	Others HK\$'000	Sub-total HK\$'000		
Six months ended 30th June 2024 (unaudited) (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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

3. SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

Segment revenue and results (Continued)

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.

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

	Gas business HK\$'000	Renewable energy business HK\$'000	Extended business HK\$'000	Total HK\$'000
At 30th June 2025 (unaudited)				
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 (audited) (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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

4. TOTAL OPERATING EXPENSES

	Six months ended 30th June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
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
	(unaudited)	(unaudited)
Other gains, net include:		
Gain from restructuring of extended business (Note 22)	100,112	–
Gain on deemed disposal/disposal of subsidiaries (Note 22)	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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

6. FINANCE COSTS

	Six months ended 30th June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
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
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories sold (<i>Note</i>)	8,630,151	8,590,388
Staff costs (<i>Note</i>)	675,214	694,415
Depreciation of property, plant and equipment (<i>Note</i>)	593,936	568,299
Depreciation of right-of-use assets (<i>Note</i>)	24,648	26,132
Amortisation of intangible assets (<i>Note</i>)	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

Note: Cost of inventories sold include staff costs, depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets, which are also included in the respective total amounts disclosed separately above.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

8. TAXATION

	Six months ended 30th June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The charge comprises:		
PRC Enterprise Income Tax ("EIT")		
– current period	212,831	209,114
Deferred taxation	54,063	46,562
	266,894	255,676

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% to 25% (six months ended 30th June 2024: 15% to 25%).

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% 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%, 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

9. 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
	(unaudited)	(unaudited)
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.

10. DIVIDENDS

Subsequent to the reporting period, the Directors 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.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group spent HK\$1,432,378,000 (six months ended 30th June 2024: HK\$2,048,843,000) on additions to property, plant and equipment, including HK\$941,554,000 (six months ended 30th June 2024: HK\$967,571,000) on the construction in progress of gas pipelines and photovoltaic assets, and HK\$490,824,000 (six months ended 30th June 2024: HK\$1,081,272,000) on other plant and equipment.

Furthermore, during the current interim period, additions to right-of-use assets amounted to HK\$21,256,000 (six months ended 30th June 2024: HK\$22,787,000), of which HK\$5,702,000 (six months ended 30th June 2024: HK\$7,933,000) relates to acquisition of leasehold land.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

12. GOODWILL

	HK\$'000
At 1st January 2024 (audited)	4,820,508
Currency realignment	(160,384)
Impairment provision recognised	(30,815)
	<hr/>
At 31st December 2024 and 1st January 2025 (audited)	4,629,309
Currency realignment	136,962
	<hr/>
At 30th June 2025 (unaudited)	4,766,271
	<hr/>

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30th June 2025 HK\$'000 (unaudited)	At 31st December 2024 HK\$'000 (audited)
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 (<i>note</i>)	221,565	285,066
Amounts due from related companies (<i>note</i>)	105,788	40,214
Amount due from ultimate holding company (<i>note</i>)	5,443	–
Amounts due from joint ventures (<i>note</i>)	4,544	111,797
	<hr/>	<hr/>
	4,225,132	4,410,069
	<hr/>	<hr/>

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

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Trade receivables

Included in the balance of trade and other receivables, deposits and prepayments are trade receivables with gross carrying amount of HK\$2,269,789,000 (31st December 2024: HK\$2,242,759,000) and allowance for credit losses of HK\$250,703,000 (31st December 2024: HK\$237,165,000). 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:

	At 30th June 2025 HK\$'000 (unaudited)	At 31st December 2024 HK\$'000 (audited)
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

Impairment assessment of financial assets

	Six months ended 30th June 2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Impairment loss recognised in respect of trade receivables, net	11,249	12,302

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30th June 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December 2024.

For the six months ended 30th June 2025

14. ASSETS CLASSIFIED AS HELD FOR SALE

On 26th September 2024, Towngas Investments Limited ("Towngas Investment"), a wholly-owned subsidiary of the Company which holds 49% equity interest in an associate, Shandong Jihua Gas Co., Ltd ("Shandong Jihua"), entered into a merger agreement with an independent third party and two wholly-owned subsidiaries of HKCG. Pursuant to the merger agreement, Shandong Jihua is to be merged into and absorbed by Shandong Towngas Group Co., Ltd. ("Shandong Towngas"), a joint venture of HKCG (the "Merger"). After the Merger, the registered capital of Shandong Towngas will be the sum of the existing registered capital of Shandong Towngas and Shandong Jihua, and Towngas Investment will hold an equity interest of 18.7% in Shandong Towngas. Upon completion of the transaction, Shandong Jihua will cease to be an associate of the Company but Shandong Towngas will become an associate of the Company. Details are set out in the Company's announcement dated 26th September 2024 and the circular of the Company dated 31st October 2024.

The Merger was approved in an extraordinary general meeting of the Company on 20th November 2024. At 30th June 2025 and 31st December 2024, in the opinion of the Directors, the completion of the transaction is considered to be highly probable and hence the interest in Shandong Jihua amounting to HK\$1,051,589,000 (31st December 2024: HK\$1,021,371,000) has been classified as asset held for sale and is presented separately in the consolidated statement of financial position. The fair value of interest in Shandong Towngas is expected to exceed the net carrying amount of the interest in Shandong Jihua and accordingly, no impairment loss has been recognised.

15. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	At 30th June 2025 HK\$'000 (unaudited)	At 31st December 2024 HK\$'000 (audited)
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 (<i>note</i>)	–	2,703
	3,907,196	4,172,797

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

15. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES (Continued)

Trade payables

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:

	At 30th June 2025 HK\$'000 (unaudited)	At 31st December 2024 HK\$'000 (audited)
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

16. BORROWINGS

	At 30th June 2025 HK\$'000 (unaudited)	At 31st December 2024 HK\$'000 (audited)
Bank loans – unsecured	13,519,686	12,759,628
Sustainability linked bonds (“SLB”) – unsecured	1,572,346	1,556,078
Panda bonds – unsecured	548,578	532,814
MTN – unsecured	547,885	532,141
Other loans – unsecured	41,015	46,346
	16,229,510	15,427,007
Carrying amount repayable:		
On demand or within one year	4,698,562	3,695,547
Within a period of more than one year but not exceeding two years	3,746,097	3,162,859
Within a period of more than two years but not exceeding five years	7,178,748	7,477,276
Within a period of more than five years	606,103	1,091,325
	16,229,510	15,427,007
Less: Amount due within one year shown under current liabilities	(4,698,562)	(3,695,547)
Amount due after one year shown under non-current liabilities	11,530,948	11,731,460

For the six months ended 30th June 2025

16. BORROWINGS (Continued)

In respect of bank loans with carrying amount of HK\$7,724 million as at 30th June 2025 (31st December 2024: HK\$7,851 million), the Group is required to comply with financial covenants determined based on consolidated tangible net worth, consolidated net borrowings, consolidated assets or current ratio which are tested on a half yearly or a needed basis. The Group has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank loans balances as non-current.

17. CONVERTIBLE BONDS

The movement of the convertible bonds during the six months ended 30th June 2025 is set out below:

	Debt component HK\$'000	Embedded derivative component HK\$'000	Total HK\$'000
As at 1st January 2024 (audited)	1,857,795	94,469	1,952,264
Currency realignment	(67,635)	(1,565)	(69,200)
Interest expense	81,609	–	81,609
Interest paid	(22,177)	–	(22,177)
Gain arising on change of fair value	–	(75,558)	(75,558)
As at 31st December 2024 and 1st January 2025 (audited)	1,849,592	17,346	1,866,938
Currency realignment	40,783	524	41,307
Interest expense	41,730	–	41,730
Loss arising on change of fair value	–	612	612
As at 30th June 2025 (unaudited)	1,932,105	18,482	1,950,587

At 30th June 2025, the details and terms of all the convertible bonds are the same as those disclosed in the Group's annual financial statements for the year ended 31st December 2024. With effect from 14th July 2025, the conversion price has been adjusted from HK\$6.06 to HK\$5.94 as a result of issue of scrip shares at HK\$3.446 per share made by the Company to the shareholders for the year ended 31st December 2024. Details of the adjustment to conversion price of the convertible bonds were set out in the Company's announcement dated 14th July 2025.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

18. SHARE CAPITAL

Authorised shares of HK\$0.10 each

	Number of shares	HK\$'000
At 1st January 2024, 30th June 2024, 1st January 2025 and 30th June 2025	5,000,000,000	500,000

A summary of the movements in the issued and fully paid capital of the Company is as follows:

	Number of shares	HK\$'000
At 1st January 2024 (audited) and 30th June 2024 (unaudited)	3,354,500,581	335,450
Issue of shares upon scrip dividend scheme (<i>note a</i>)	126,151,356	12,615
At 31st December 2024 (audited)	3,480,651,937	348,065
Share options exercised (<i>note b</i>)	1,958,000	196
At 30th June 2025 (unaudited)	3,482,609,937	348,261

Notes:

- On 19th March 2024, a scrip dividend scheme was proposed by the Board, which offers the shareholders of the Company may elect to receive the dividend wholly or partly by the allotment of new shares in lieu of cash. This proposal was approved at the Company's annual general meeting held on 29th May 2024. On 12th July 2024, 126,151,356 shares of HK\$0.10 each were allotted and issued at HK\$2.90 each to shareholders who had elected to receive new shares in lieu of cash dividend in respect of the 2023 final dividend under the scrip dividend scheme.
- During the six months ended 30th June 2025, options were exercised to subscribe for 1,958,000 ordinary shares of the Company of HK\$0.01 each at an aggregate consideration of HK\$6,657,000.

All the shares which were issued in current period/prior year rank pari passu with the then existing shares in all respects.

19. SHARE-BASED PAYMENT TRANSACTIONS

Share award scheme

On 17th August 2021, the Company adopted the share award scheme (the “Scheme”) for the purposes of (a) recognising the contributions by certain directors or employees of the Group (the “eligible participants”) and providing them with incentives in order to retain them for the continual operation and development of the Group and (b) attracting suitable personnel for the further development of the Group and to contribute to the long-term growth of the Group. Unless terminated earlier by the Board pursuant to the Scheme, the Scheme shall be valid and effective for a period of 10 years commencing on 17th August 2021. Tricor Trust (Hong Kong) Limited was appointed as a trustee of the Scheme. Subject to the terms and conditions of the Scheme and the fulfilment of all vesting conditions, the award shares held by the trustee on behalf of a selected participant shall vest in such selected participant and the trustee shall transfer the award shares to such selected participant. Details of the Scheme were disclosed in the announcement of the Company dated 17th August 2021.

At 30th June 2025, there are 31,000 shares (31st December 2024: 24,000 shares) held by the trustee. During the six months ended 30th June 2025, an additional 11,607,000 shares (six months ended 30th June 2024: nil) were purchased by the trustee from the market at an average price of approximately HK\$3.46 per share (six months ended 30th June 2024: N/A), with an aggregate amount of HK\$40,206,000 (six months ended 30th June 2024: nil). During the six months ended 30th June 2025, 11,600,000 shares (six months ended 30th June 2024: nil) were granted to the selected directors and eligible employees with amount of HK\$41,412,000 which was the fair value on date of grant (six months ended 30th June 2024: nil) recognised as share-based payment expenses and included in staff costs when vested during the period. Included in the 11,600,000 shares were 3,800,000 granted to directors and 7,800,000 granted to eligible employees.

Share option scheme

The Company has adopted a share option scheme (the “Share Option Scheme”) pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 26th May 2022 and the Share Option Scheme was also approved by ordinary resolution of the shareholders of HKCG, the parent company of the Company, at HKCG’s annual general meeting on 6th June 2022. The participants include employees and directors of the Group, consultants and other advisors to members of the Group who are also directors and/or senior management staff of subsidiaries of HKCG. The Share Option Scheme is valid and effective for a period of 10 years commencing 26th May 2022.

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the eligible participants, attracting and retaining persons with the right calibre and experience to work for or make contribution to the Group, fostering a sense of belonging with the Group, and allowing the participants to enjoy the results of the Company achieved through their contributions to the Group.

The details and terms of the Share Option Scheme are the same as those disclosed in the Group’s annual financial statements for the year ended 31st December 2024.

19. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share option scheme *(Continued)*

At 30th June 2025, 7,850,000 (31st December 2024: 4,050,000) share options at an weighted average exercise price of HK\$3.48 (31st December 2024: HK\$3.40) were held by directors of the Company and 12,097,000 (31st December 2024: 6,424,000) share options at an weighted average exercise price of HK\$3.51 (31st December 2024: HK\$3.40) were held by other participants representing directors or senior management staff of the subsidiaries of the Company and directors of both subsidiaries of the Company and HKCG.

During the six months ended 30th June 2025, options were exercised to subscribe for 1,958,000 (six months ended 30th June 2024: nil) ordinary shares of the Company of HK\$0.01 each at an aggregate consideration of HK\$6,657,000 (six months ended 30th June 2024: nil) in which HK\$196,000 was credited to share capital and the balance of HK\$6,461,000 (six months ended 30th June 2024: nil) was credited to the share premium account. Share option reserve of HK\$1,725,000 (six months ended 30th June 2024: nil) has been transferred correspondingly to the share premium account. The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$3.77.

During the six months ended 30th June 2025, 169,000 (six months ended 30th June 2024: 900,000) share options at an exercise price of HK\$3.40 (six months ended 30th June 2024: HK\$3.40) lapsed upon the retirement or resignation of employees and an amount of HK\$324,000 (six months ended 30th June 2024: HK\$788,000) was transferred from share-based payment reserve to the retained earnings.

During the six months ended 30th June 2025, 11,600,000 options were granted pursuant to the Share Option Scheme on 18th March 2025. The estimated fair value of the options granted on that date was HK\$8,251,000 (six months ended 30th June 2024: nil). The closing price per share immediately before 18th March 2025 (the date on which the share options were granted) was HK\$3.54.

The fair value was calculated using the Binomial option pricing model. The inputs into the model were as follows:

Grant date	18th March 2025
Share price (HK\$)	3.57
Exercise price (HK\$)	3.57
Expected volatility	35.148%
Expected life (years)	3
Expected dividend yield	4.482%
Risk-free interest rate	3.119%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Change in the subjective input may materially affect the fair value estimates.

The Group recognised a total expense of HK\$2,344,000 for the six months ended 30th June 2025 (six month ended 30th June 2024: nil) in relation to share options granted by the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

20. COMMITMENTS

	At 30th June 2025 HK\$'000 (unaudited)	At 31st December 2024 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	513,902	317,526
– Investments (Note 23)	–	60,810

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	30th June 2025 (unaudited)	31st December 2024 (audited)			
Listed equity investment classified as fair value through other comprehensive income	Assets – HK\$1,156,272,000	Assets – HK\$1,169,442,000	Level 1	Quoted market price	N/A
Cross currency swap classified as other financial assets	Assets – HK\$99,148,000	Assets – HK\$115,918,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the reporting period).	N/A
Unquoted equity investments	Assets – HK\$90,261,000	Assets – HK\$104,584,000	Level 3	Market comparable approach	Market multiples ranging from 0.1 to 1.7 (31st December 2024: 0.1 to 1.7) and discount for lack of marketability ranging from 0% to 30% (31st December 2024: 0% to 30%) (note a)
Embedded derivative component of convertible bonds	Liabilities – HK\$18,482,000	Liabilities – HK\$17,346,000	Level 3	Binomial option pricing model	Expected volatility of 27.7% (31st December 2024: 32.6%) (note b)

Notes:

- (a) The higher the market multiples, the higher the fair value, and vice versa. The higher the discount, the lower the fair value, and vice versa. A reasonably possible change in the unobservable inputs used would not result in a significantly higher or lower fair value measurement.
- (b) An increase in the expected volatility used in isolation would result in an increase in the fair value of the embedded derivative component of convertible bonds and vice versa. A 5% increase/decrease in the expected volatility holding all other variables constant would increase/decrease the fair value of the embedded derivative component of convertible bonds by HK\$16,143,000 or HK\$10,828,000 (31st December 2024: HK\$13,582,000 or HK\$9,896,000), respectively.

For the six months ended 30th June 2025

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Reconciliation of Level 3 fair value measurements

	Unquoted equity investments HK\$'000	Embedded derivative component of convertible bonds HK\$'000
Balance at 1st January 2024 (audited)	115,682	(94,469)
Fair value change recognised in profit or loss	–	65,779
Fair value change recognised in other comprehensive income	(6,294)	–
Currency realignment	(2,499)	1,487
Balance at 30th June 2024 (unaudited)	106,889	(27,203)
Balance at 1st January 2025 (audited)	104,584	(17,346)
Fair value change recognised in profit or loss	–	(612)
Fair value change recognised in other comprehensive income	(17,093)	–
Currency realignment	2,770	(524)
Balance at 30th June 2025 (unaudited)	90,261	(18,482)

The fair value loss recognised in profit or loss relating to embedded derivative component of convertible bonds of HK\$612,000 (six months ended 30th June 2024: gain of HK\$65,779,000) is included in "other gains, net" line item.

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to the Directors half yearly to explain the cause of fluctuations in the fair value of the assets and liabilities.

There were no transfers between Level 1, 2 and 3 during both periods.

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Fair value measurements and valuation processes (Continued)

The Directors consider that the carrying amounts of financial assets and financial liabilities (except for debt component of convertible bonds, SLB, panda bonds and MTN) recorded at amortised cost in the condensed consolidated financial statements approximate their fair values. For debt component of convertible bonds, SLB, panda bonds and MTN, the fair values at 30th June 2025 amounted to HK\$1,994,213,000, HK\$1,545,822,000, HK\$555,556,000 and HK\$550,131,000 (31st December 2024: HK\$1,869,547,000, HK\$1,508,584,000, HK\$543,636,000 and HK\$530,385,000), respectively.

22. DISPOSAL OF SUBSIDIARIES

For the period ended 30th June 2025

(i) Disposal of extended business companies

On 25th October 2024, the Group entered into a restructuring agreement with HKCG and Towngas Lifestyle Holding Company Limited ("Towngas Lifestyle"), a wholly-owned subsidiary of HKCG, pursuant to which the Group would transfer certain of its extended business to Towngas Lifestyle and its subsidiaries or associates by way of business transfer and equity interests transfer. The total consideration would be settled by cash of RMB22,432,000 and an allotment and issue of new shares in Towngas Lifestyle. Upon completion of the transaction, Towngas Lifestyle would become an associate of the Company. Details are set out in the announcements of the Company dated 25th October 2024 and 22nd November 2024.

At 31st December 2024, the Group partially completed the restructuring and 600 new shares, representing approximately 6.38% of the total issued shares of Towngas Lifestyle, were issued to the Group as the first consideration shares, resulting in a gain amounting to HK\$33,582,000 recognised during the year ended 31st December 2024.

During the six months ended 30th June 2025, an additional 331 new shares, representing approximately 2.95% of the total issued shares of Towngas Lifestyle, were issued to the Group as the second consideration shares, resulting in a gain amounting to HK\$100,112,000 recognised during the current period. At 30th June 2025, the Group held an aggregated equity interest of 9.33% in Towngas Lifestyle.

22. DISPOSAL OF SUBSIDIARIES (Continued)

For the period ended 30th June 2025 (Continued)

(i) Disposal of extended business companies (Continued)

Analysis of assets and liabilities over which controls were lost:

	HK\$'000 (unaudited)
Interests in associates	74,820
Bank balances and cash	109,712
Amounts due to group companies	(91,910)
	<hr/>
	92,622
	<hr/>
Gain arising on disposal of subsidiaries:	
Additional interests in an associate	60,722
Deferred consideration released	132,012
Net assets disposed of	(92,622)
	<hr/>
	100,112
	<hr/>
Net cash outflow on disposal:	
Bank balances and cash disposed	(109,712)
	<hr/>

22. DISPOSAL OF SUBSIDIARIES (Continued)

For the period ended 30th June 2025 (Continued)

(ii) Disposal of renewable energy companies

The Group initiated an asset-light model in 2024 to develop its renewable energy business and divested certain subsidiaries. During the six months ended 30th June 2025, the Group has disposed of partial equity interests in numerous subsidiaries which are principally engaged in the renewable energy business, at the aggregate consideration of RMB512,545,000 (equivalent to HK\$557,356,000). Upon completion of the disposals, these entities ceased to be the subsidiaries but remained as associates or joint ventures of the Company. In the opinion of the Directors, the disposals are individually immaterial and therefore presented on an aggregated basis.

Analysis of assets and liabilities over which controls were lost:

	HK\$'000 (unaudited)
Property, plant and equipment	511,880
Right-of-use assets	407
Trade and other receivables	242,601
Bank balances and cash	74,411
Trade and other payables	(297,714)
Taxation payable	(537)
Lease liabilities	(475)
	<hr/>
	530,573
	<hr/>
Gain arising on disposal of subsidiaries:	
Consideration received	508,634
Consideration receivable for disposal of subsidiaries	48,722
Retained interests in associates or joint ventures	26,098
Net assets disposed of	(530,573)
	<hr/>
	52,881
	<hr/>
Net cash inflow on disposal:	
Consideration received	508,634
Bank balances and cash disposed	(74,411)
	<hr/>
	434,223
	<hr/>

22. DISPOSAL OF SUBSIDIARIES (Continued)

For the period ended 30th June 2024

(i) Deemed disposal of a gas company

On 22nd November 2023, Chao Sheng Investments Limited ("Chaosheng"), a wholly-owned subsidiary of the Group which held 60% equity interest in Chaozhou Fengxi Hong Kong and China Gas Co., Ltd. ("Fengxi Gas"), entered into a joint venture agreement with an independent third party and two wholly-owned subsidiaries of HKCG. Pursuant to the joint venture agreement, each of the shareholders agreed to contribute the initial registered capital by cash and additional capital by equity interests in certain subsidiaries. Chaosheng contributed RMB149,500 in cash as initial registered capital of the joint venture company and further contributed 60% equity interest in Fengxi Gas to the joint venture company and held an equity interest of 14.95% in the joint venture company. At 31st December 2023, the related assets (including goodwill) and liabilities were classified as assets classified as held for sale and liabilities associated with assets classified as held for sale. On 7th March 2024, the transaction has been completed and Fengxi Gas ceased to be a subsidiary of the Group.

Analysis of assets and liabilities over which control was lost:

	HK\$'000 (unaudited)
Property, plant and equipment	53,862
Right-of-use assets	33
Goodwill	89,268
Inventories	1,435
Trade and other receivables	26,968
Bank balances and cash	1,588
Trade and other payables	(5,223)
Contract liabilities	(1,638)
Deferred tax liabilities	(304)
	<hr/> 165,989 <hr/>
Gain on deemed disposal of a subsidiary:	
Retained interest in an associate	139,958
Net assets disposed of	(165,989)
Non-controlling interests	30,810
	<hr/> 4,779 <hr/>
Net cash outflow on deemed disposal:	
Bank balances and cash disposed	<hr/> (1,588) <hr/>

22. DISPOSAL OF SUBSIDIARIES (Continued)

For the period ended 30th June 2024 (Continued)

(ii) Disposal of renewable energy companies

During the six months ended 30th June 2024, the Group has disposed of partial equity interests in certain subsidiaries which are principally engaged in the renewable energy business, at the aggregate consideration of RMB193,630,000 (equivalent to HK\$209,468,000). Upon completion of the disposal, these entities ceased to be the subsidiaries but remained as associates or joint ventures of the Company. The disposals are individually immaterial and therefore presented on an aggregated basis.

Analysis of assets and liabilities over which control was lost:

	HK\$'000 (unaudited)
Property, plant and equipment	363,638
Trade and other receivables	54,646
Bank balances and cash	21,379
Trade and other payables	(81,692)
Bank borrowings	(24,752)
	<hr/>
	333,219
	<hr/>
Gain arising on disposal:	
Consideration received	102,703
Consideration receivable for disposal of subsidiaries	106,765
Retained interests in associates or joint ventures	164,630
Net assets disposed of	(333,219)
Non-controlling interests	8,822
	<hr/>
	49,701
	<hr/>
Net cash inflow on disposal:	
Consideration received	102,703
Bank balances and cash disposed	(21,379)
	<hr/>
	81,324
	<hr/>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June 2025

23. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following transactions with related parties:

	Six months ended 30th June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Transactions with fellow subsidiaries (<i>note a</i>):		
Purchase of goods and services	105,800	244,293
Sale of goods and services	205,006	100,251
Transactions with associates and joint ventures of ultimate controlling shareholder (<i>note b</i>):		
Purchase of goods and services	26,338	22,185
Sale of goods and services	7,732	8,854
Transactions with a joint venture (<i>note c</i>):		
Purchase of goods	78,244	39,574
Transactions with associates (<i>note d</i>):		
Purchase of goods	20,807	81,444
Sale of goods	7,397	7,281

Notes:

- (a) HKCG has controlling interests in these companies.
- (b) HKCG has significant influences or jointly control in these companies.
- (c) The Group jointly controlled this company with an independent third party.
- (d) The Group has significant influences in these companies.

On 19th December 2024, Towngas China Energy Investment Limited ("TCEI"), an indirect wholly-owned subsidiary of the Company, entered into an equity interest transfer agreement with Hong Kong and China Integrated Power Investment (Shenzhen) Limited ("HCIP"), an indirect wholly-owned subsidiary of HKCG, pursuant to which HCIP agreed to sell the 55% equity interests in Changzhou Towngas China Smart Energy Co., Ltd. ("Changzhou Towngas") held by it to TCEI at the consideration of RMB57,137,000 (equivalent to HK\$60,810,000). Details are disclosed in the announcement of the Company dated 19th December 2024. The acquisition was completed on 6th March 2025 and Changzhou Towngas became a non-wholly owned subsidiary of the Group.