香港中華煤氣有限公司
The Hong Kong and China Gas Company Limited

(Incorporated in Hong Kong under the Companies Ordinance with limited liability)
(Stock Code: 3)

2025 INTERIM RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHTS

Gas sales hold steady as growth businesses maintain solid momentum

- In the first half of 2025, the Group recorded revenues of HK$27,514 million, with after-tax operating profit growing 3 per cent to HK$3,996 million. Taking into account non-operating gains and losses, profit attributable to shareholders decreased by 3 per cent to HK$2,964 million. Excluding foreign exchange gains and losses on borrowings, core operating profit increased by 4 per cent.

- For the Hong Kong utility business, lower temperatures compared to the same period last year led to an increase in residential gas sales. During the period, the Group completed several gas facility installation projects in Grade A office buildings, sports venues, hotels and hospitals. Coupled with factors such as the robust recovery of the tourism industry, overall gas sales volume in Hong Kong remained stable during the period. At the same time, the Group is steadily advancing the commercialisation of hydrogen energy through projects in construction sites and charging stations. This development is expected to become a new driver of profit growth for the Group.

- Regarding the mainland utility businesses, despite challenges from tariff issues, economic conditions and a mild winter in North China, city-gas sales remained stable. Through cost pass-through efforts, refined management and close partnerships with upstream suppliers, profits from the gas business remained stable, with the city-gas dollar margin increased by RMB0.04 per cubic metre to RMB0.54 per cubic metre.

- In terms of renewable energy businesses, Towngas Smart Energy Company Limited, a subsidiary of the Group, recorded growth in its core operating profit to HK$719 million, up 2 per cent. As at 30th June 2025, the Group's cumulative grid-connected photovoltaic capacity reached 2.6 GW, with a cumulative commercial and industrial energy storage grid-connected capacity of 260 MWh. The Group continued to promote its integrated "photovoltaic + energy storage + electricity sales" carbon-reducing business model, further enhancing its profitability.

- The green methanol business achieved several breakthroughs during the period, including the establishment of VENEX in a joint venture with Foran Energy, with plans to set up a production facility in Foshan, initially with an annual production capacity of 200,000 tonnes, expected to commence production in the second half of 2027. The Group is forming strategic partnerships with the HKSAR Government and industry partners in green methanol production, storage, bunkering and trading. These activities support Hong Kong's development as a green maritime fuel hub.

- Sustainable aviation fuel ("SAF") is seeing widespread market potential. The Group is working with the HKSAR Government and other relevant organisations to meet future SAF demand both in Hong Kong and its surrounding regions. The Group is also pursuing global market expansion, underscored by a multi-year SAF supply agreement signed with British Airways in the first half of the year. The production plant in Malaysia is expected to commence production by the end of this year, with a total annual production capacity exceeding 400,000 tonnes.

- The extended business segment completed the integration of its Hong Kong and mainland operations. At the same time, capitalising on the needs of the Group's 45 million customers, a "trade-in" policy, the optimisation of its service offerings, and the collaborations with kitchen appliance brands and insurance companies to introduce innovative products, such as smart kitchen solutions as well as home safety and health insurance, the segment achieved significant growth and gained market recognition. The Group successfully secured US$45 million in financing for the segment, steadily advancing and delivering on its strategic objectives.

- During the first half of the year, global economic growth remained constrained by geopolitical tensions. The Group responded proactively with the accelerated restructuring of its core businesses, enhancing quality and efficiency. Building on its solid foundations in the utility businesses, the Group has successfully established a long-term growth business portfolio, advancing the achievement of its sustainability objectives.

- The Group maintained an interim dividend at HK12 cents per share.

FINANCIAL HIGHLIGHTS

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

	Unaudited Six months ended 30th June	
	2025	2024
Revenue, HK million dollars	**27,514**	27,496
Group operating after-tax profit, HK million dollars	**3,996**	3,885
Core operating profit, HK million dollars	**3,084**	3,186
Non-operating gains and losses, net, HK million dollars	**(120)**	(146)
Profit attributable to shareholders, HK million dollars	**2,964**	3,040
Basic earnings per share, HK cents	**15.9**	16.3
Interim dividend per share, HK cents	**12.0**	12.0
Town Gas Sold in Hong Kong, million MJ	**14,935**	14,932
Gas Sold by City-gas Business on the Chinese mainland, million cubic metres, natural gas equivalent*	**18,583**	18,625
Number of Customers in Hong Kong as at 30th June, thousand	**2,042**	2,027
Number of City-gas Customers on the Chinese mainland as at 30th June, thousand*	**43,474**	41,394

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

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK12 cents per share payable to shareholders whose names are on the Register of Members of the Company as at 5th September 2025, being the record date for determining shareholders' entitlement to the interim dividend. The Register of Members will be closed from Thursday, 4th September 2025 to Friday, 5th September 2025 (both days), during which period no share transfers will be effected. Dividend warrants will be posted to shareholders on Monday, 15th September 2025.

FINANCIAL INFORMATION

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

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

	Note	**2025 HK$M (unaudited)**	2024 HK$M (unaudited)
Revenue	3	**27,514.2**	27,496.2
Total operating expenses	4	**(22,877.4)**	(23,160.7)
		4,636.8	4,335.5
Other (losses)/gains, net	5	**(38.7)**	361.7
Interest expense		**(985.5)**	(1,114.7)
Share of results of associates		**534.8**	691.3
Share of results of joint ventures		**359.4**	300.4
Profit before taxation		**4,506.8**	4,574.2
Taxation	6	**(1,054.4)**	(1,012.8)
Profit for the period		**3,452.4**	3,561.4
Attributable to:			
Shareholders of the Company		**2,964.0**	3,040.2
Non-controlling interests		**488.4**	521.2
		3,452.4	3,561.4
Dividends	7	**2,239.2**	2,239.2
Earnings per share – basic, HK cents	8	**15.9**	16.3
Earnings per share – diluted, HK cents	8	**15.8**	16.0

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

	2025 HK$M (unaudited)	2024 HK$M (unaudited)
Profit for the period	**3,452.4**	3,561.4
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Movement in reserve of equity investments at fair value through other comprehensive income	**(61.7)**	(104.4)
Share of other comprehensive income of an associate	**18.6**	-
Exchange differences	**309.2**	(442.8)
Items that may be reclassified subsequently to profit or loss:		
Movement in reserve of debt investments at fair value through other comprehensive income	**(1.0)**	0.8
Change in fair value of cash flow hedges	**(10.6)**	(18.5)
Share of other comprehensive income of associates	**1.6**	4.7
Exchange differences	**1,610.0**	(1,226.2)
Other comprehensive income/(loss) for the period, net of tax	**1,866.1**	(1,786.4)
Total comprehensive income for the period	**5,318.5**	1,775.0
Total comprehensive income attributable to:		
Shareholders of the Company	**4,532.3**	1,723.1
Non-controlling interests	**786.2**	51.9
	5,318.5	1,775.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2025

	Note	**At 30th June 2025 HK$M (unaudited)**	At 31st December 2024 HK$M (audited)
Assets			
Non-current assets			
Property, plant and equipment		**71,205.3**	70,776.0
Investment property		**966.6**	966.6
Right-of-use assets		**1,847.3**	1,872.1
Intangible assets		**4,530.7**	4,388.0
Associates		**36,611.8**	36,074.7
Joint ventures		**11,024.5**	10,612.1
Financial assets at fair value through other comprehensive income		**1,647.2**	1,692.0
Financial assets at fair value through profit or loss		**1,381.2**	1,436.3
Derivative financial instruments		**105.0**	120.3
Retirement benefit assets		**127.9**	127.9
Other non-current assets		**6,011.2**	5,862.0
		135,458.7	133,928.0
Current assets			
Inventories		**2,481.0**	2,794.6
Trade and other receivables	9	**10,593.1**	11,474.9
Loan and other receivables from associates		**1,103.7**	1,191.5
Loan and other receivables from joint ventures		**521.1**	494.7
Loan and other receivables from non-controlling shareholders		**138.3**	142.6
Financial assets at fair value through profit or loss		**1,369.4**	1,330.0
Derivative financial instruments		**8.3**	1.0
Time deposits over three months		**76.0**	89.1
Time deposits up to three months, cash and bank balances		**8,346.4**	6,271.5
		24,637.3	23,789.9
Assets held-for-sale		**2,320.9**	550.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 30TH JUNE 2024

	Note	**At 30th June 2025 HK$M (unaudited)**	At 31st December 2024 HK$M (audited)
Current liabilities			
Trade payables and other liabilities	10	**(20,064.8)**	(20,750.8)
Loan and other payables to associates		**(208.6)**	(261.5)
Loan and other payables to joint ventures		**(514.5)**	(473.4)
Loan and other payables due to non-controlling shareholders		**(66.6)**	(52.7)
Provision for taxation		**(1,189.1)**	(930.7)
Borrowings		**(17,747.7)**	(13,461.2)
Derivative financial instruments		**(64.5)**	(80.2)
		(39,855.8)	(36,010.5)
Liabilities directly associated with assets held-for-sale		**(357.1)**	(57.0)
Total assets less current liabilities		**122,204.0**	122,201.1
Non-current liabilities			
Deferred taxation		**(7,057.1)**	(6,908.4)
Borrowings		**(43,211.0)**	(43,961.0)
Derivative financial instruments		**(32.3)**	(87.2)
Loan from a joint venture		**(219.2)**	(127.1)
Other non-current liabilities		**(2,770.6)**	(2,783.9)
		(53,290.2)	(53,867.6)
Net assets		**68,913.8**	68,333.5
Capital and reserves			
Share capital		**5,474.7**	5,474.7
Reserves		**52,136.9**	51,915.7
Shareholders' funds		**57,611.6**	57,390.4
Non-controlling interests		**11,302.2**	10,943.1
Total equity		**68,913.8**	68,333.5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements, which do not constitute the Group's statutory consolidated financial statements, have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in compliance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" as issued by the Hong Kong Institute of Certified Public Accountants.

As at 30th June 2025, the Group was in a net current liabilities (including assets held-for-sale and liabilities directly associated with assets held-for-sale) position of approximately HK$13.3 billion, which included the borrowings of approximately HK$17.7 billion that are repayable within one year from the end of the reporting period. Taking into consideration the Group's available facilities, history of obtaining external financing and the Group's expected cash flows from operations, management believes that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, these condensed consolidated interim financial statements have been prepared on a going concern basis.

The financial information relating to the year ended 31st December 2024 that is included in the condensed consolidated interim financial information for the six months ended 30th June 2025 as comparative information does not constitute the Group's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (the "Companies Ordinance") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31st December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Except as described below, the accounting policies used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those set out in the annual report for the year ended 31st December 2024.

The Group has adopted the following amendments to a standard which is effective for the Group's financial year beginning 1st January 2025 and relevant to the Group.

Amendments to HKAS 21	Lack of Exchangeability

The adoption of the amendments to a standard has no material impact on the Group's results and financial position or any substantial changes in Group's accounting policies.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31st December 2024.

2. Financial risk management and fair value estimation of financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31st December 2024. There have been no changes in the risk management policies since year end.

The Group's financial instruments are measured in the consolidated statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liability that are measured at fair value at 30th June 2025 and 31st December 2024.

	Level 1		**Level 2**		**Level 3**		**Total**	
HK$M	**At 30th June 2025 (unaudited)**	At 31st December 2024 (audited)	**At 30th June 2025 (unaudited)**	At 31st December 2024 (audited)	**At 30th June 2025 (unaudited)**	At 31st December 2024 (audited)	**At 30th June 2025 (unaudited)**	At 31st December 2024 (audited)
Financial assets								
Financial assets at fair value through profit or loss								
- Debt securities	-	44.5	-	-	-	-	-	44.5
- Equity investments	**1,082.1**	1,102.6	**1,369.4**	1,330.0	**299.1**	289.2	**2,750.6**	2,721.8
Derivative financial instruments	-	-	**113.3**	121.3	-	-	**113.3**	121.3
Financial assets at fair value through other comprehensive income								
- Debt securities	**15.4**	16.3	-	-	-	-	**15.4**	16.3
- Equity investments	**1,288.9**	1,308.5	-	-	**342.9**	367.2	**1,631.8**	1,675.7
Total financial assets	**2,386.4**	2,471.9	**1,482.7**	1,451.3	**642.0**	656.4	**4,511.1**	4,579.6
Financial liability								
Derivative financial instruments	-	-	**78.3**	150.1	**18.5**	17.3	**96.8**	167.4
Total financial liability	-	-	**78.3**	150.1	**18.5**	17.3	**96.8**	167.4

There are no changes in valuation techniques during the period.

2. Financial risk management and fair value estimation of financial instruments (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- The fair value of cross currency swaps is calculated as the present value of the estimated future cash flows based on observable foreign exchange rates and yield curves.

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

- The fair value of forward foreign exchange contracts is calculated as the present value of future cash flows based on the forward exchange rates at the end of the reporting period.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

- Financial assets include unlisted equity investments of approximately HK$0.6 billion (31st December 2024: approximately HK$0.7 billion), the fair values of which are determined with reference to their attributable net assets values and recent comparable transaction price, where available, being significant unobservable inputs. The fair value increases with the increase in the attributable net assets value and recent comparable transaction price, where available.

- Financial liability includes embedded derivative component of convertible bonds of approximately HK$18.5 million (31st December 2024: approximately HK$17.3 million), the fair value of which is determined based on binomial option pricing model. The significant unobservable inputs include share price expected volatility of 27.7 per cent (31st December 2024: 32.6 per cent). The fair value of embedded derivative component of convertible bonds increases with the increase in the share price expected volatility.

2. Financial risk management and fair value estimation of financial instruments (Continued)

The following table presents the changes in level 3 instruments of the Group for the period ended 30th June 2025 and year ended 31st December 2024:

HK$M	Financial assets: **Six months ended 30th June 2025 (unaudited)**	Financial assets: Year ended 31st December 2024 (audited)	Financial liability: **Six months ended 30th June 2025 (unaudited)**	Financial liability: Year ended 31st December 2024 (audited)
At beginning of period/year	**656.4**	716.4	**17.3**	94.5
Additions	**2.0**	17.5	-	-
Disposals	-	(67.8)	-	-
Change in fair value	**(34.5)**	11.2	**0.6**	(75.6)
Exchange differences	**18.1**	(20.9)	**0.6**	(1.6)
At end of period/year	**642.0**	656.4	**18.5**	17.3

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial statements approximate their fair values.

3. Segment information

The Group's principal activities are the production, distribution and marketing of gas and related products or services, water supply and waste treatment, renewable energy businesses, extended businesses and advanced fuels businesses ("Green Fuels", formerly known as "Green Energy") in Hong Kong and the Chinese mainland. The revenue comprises the following:

	Six months ended 30th June **2025 HK$M (unaudited)**	Six months ended 30th June 2024 HK$M (unaudited and restated)
Gas sales before fuel cost adjustment	**20,847.1**	20,755.9
Fuel cost adjustment	**632.1**	540.4
Gas sales after fuel cost adjustment	**21,479.2**	21,296.3
Gas connection income	**974.2**	1,233.2
Equipment sales and maintenance services	**1,779.0**	1,734.4
Water, waste treatment and related sales	**827.7**	831.9
Renewable energy businesses	**762.5**	754.8
Other sales	**1,691.6**	1,645.6
	27,514.2	27,496.2

Note

Certain comparative figures have been reclassified to conform to the current period's presentation.

3. Segment information (Continued)

The chief operating decision-maker has been identified as the executive management members (the "EMM") of the Company. The EMM reviews the Group's internal reporting in order to assess performance and allocate resources. The EMM considers the business from both product and geographical perspectives. From a product perspective, management assesses the performance of (a) gas, water and waste treatment, renewable energy, extended businesses and related businesses; (b) Green Fuels and (c) property business. Gas, water and waste treatment, renewable energy, extended businesses and related businesses are further evaluated on a geographic basis (Hong Kong and the Chinese mainland).

The EMM assesses the performance of the operating segments based on a measure of adjusted profit before interest, tax, depreciation and amortisation (the "adjusted EBITDA"). Other information provided, except as noted below, to the EMM is measured in a manner consistent with that in the condensed consolidated interim financial statements.

The segment information for the six months ended 30th June 2025 and 2024 provided to the EMM for the reportable segments is as follows:

2025 HK$M (unaudited)	**Gas, water and waste treatment, renewable energy, extended businesses and related businesses**		**Green Fuels**	**Property**	**Other segments**	**Total**
	Hong Kong	**Chinese mainland**				
Revenue recognised at a point in time	**5,880.8**	**20,337.1**	**365.8**	**-**	**19.9**	**26,603.6**
Revenue recognised over time	**3.5**	**305.8**	**-**	**-**	**289.0**	**598.3**
Finance and rental income	**280.6**	**-**	**-**	**31.7**	**-**	**312.3**
	6,164.9	**20,642.9**	**365.8**	**31.7**	**308.9**	**27,514.2**
Adjusted EBITDA	**3,469.0**	**2,988.2**	**1.4**	**18.2**	**24.1**	**6,500.9**
Depreciation and amortisation	**(431.6)**	**(1,204.5)**	**(54.8)**	**-**	**(128.8)**	**(1,819.7)**
Unallocated expenses						**(44.4)**
						4,636.8
Other losses, net						**(38.7)**
Interest expense						**(985.5)**
Share of results of associates (note)	**-**	**560.4**	**(210.2)**	**177.8**	**6.8**	**534.8**
Share of results of joint ventures	**-**	**354.0**	**-**	**5.4**	**-**	**359.4**
Profit before taxation						**4,506.8**
Taxation						**(1,054.4)**
Profit for the period						**3,452.4**

98% (2024: 98%) of the gas fuel, stores and materials costs are incurred by gas, water and waste treatment, renewable energy, extended businesses and related businesses.

Note

There is no change in the valuation of the Group's shared investment properties at the International Financial Centre complex for the period (2024: no change).

3. Segment information (Continued)

2024 HK$M (unaudited and restated)	Gas, water and waste treatment, renewable energy, extended businesses and related businesses Hong Kong	 Chinese mainland	Green Fuels	Property	Other segments	Total
Revenue recognised at a point in time	5,470.9	20,548.0	281.8	-	66.5	26,367.2
Revenue recognised over time	-	412.9	-	-	403.3	816.2
Finance and rental income	278.9	-	-	33.9	-	312.8
	5,749.8	20,960.9	281.8	33.9	469.8	27,496.2
Adjusted EBITDA	3,277.8	2,976.6	(80.2)	21.0	16.7	6,211.9
Depreciation and amortisation	(429.5)	(1,154.7)	(64.6)	-	(94.6)	(1,743.4)
Unallocated expenses						(133.0)
						4,335.5
Other gains, net						361.7
Interest expense						(1,114.7)
Share of results of associates	-	526.2	(4.1)	169.1	0.1	691.3
Share of results of joint ventures	-	294.8	-	5.5	0.1	300.4
Profit before taxation						4,574.2
Taxation						(1,012.8)
Profit for the period						3,561.4

Note

Certain comparative figures have been reclassified due to the change of the internal organisational structure of the Group.

3. Segment information (Continued)

The segment assets at 30th June 2025 and 31st December 2024 are as follows:

30th June 2025 HK$M (unaudited)	**Gas, water and waste treatment, renewable energy, extended businesses and related businesses**		**Green Fuels**	**Property**	**Other segments**	**Total**
	Hong Kong	**Chinese mainland**				
Segment assets	**23,393.7**	**102,907.1**	**7,488.6**	**16,331.0**	**6,559.2**	**156,679.6**
Unallocated assets:						
Financial assets at fair value through other comprehensive income						**1,647.2**
Financial assets at fair value through profit or loss						**2,750.6**
Time deposits, cash and bank balances excluded from segment assets						**882.5**
Others (note)						**457.0**
Total assets						**162,416.9**

31st December 2024 HK$M (audited and restated)	Gas, water and waste treatment, renewable energy, extended businesses and related businesses		Green Fuels	Property	Other segments	Total
	Hong Kong	Chinese mainland				
Segment assets	22,602.6	99,851.4	7,589.7	16,369.9	6,154.1	152,567.7
Unallocated assets:						
Financial assets at fair value through other comprehensive income						1,692.0
Financial assets at fair value through profit or loss						2,766.3
Time deposits, cash and bank balances excluded from segment assets						804.5
Others (note)						438.1
Total assets						158,268.6

3. Segment information (Continued)

Note

Certain comparative figures have been reclassified due to the change of the internal organisational structure of the Group.

Other unallocated assets mainly include other receivables other than those included under segment assets, retirement benefit assets, derivative financial instruments and loan and other receivables from non-controlling shareholders.

No liabilities are included in the internal reporting that are used by the EMM to assess performance and allocate resources. Accordingly, no segment liabilities are presented.

The Company is domiciled in Hong Kong. The Group's revenue from external customers in Hong Kong for the six months ended 30th June 2025 is HK$6,470.6 million (2024: HK$6,170.8 million), and the revenue from external customers in the Chinese mainland and other geographical locations is HK$21,043.6 million (2024: HK$21,325.4 million).

At 30th June 2025, the total of non-current assets other than financial instruments located in Hong Kong is HK$36,150.0 million (31st December 2024: HK$36,175.6 million), and the total of non-current assets other than financial instruments located in the Chinese mainland and other geographical locations is HK$96,175.3 million (31st December 2024: HK$94,503.8 million).

4. Total operating expenses

	Six months ended 30th June	
	2025	2024
	HK$M	HK$M
	(unaudited)	(unaudited)
Gas fuel, stores and materials used	**16,173.4**	16,657.4
Manpower costs	**1,954.5**	1,971.8
Depreciation and amortisation	**1,831.4**	1,784.4
Other operating items	**2,918.1**	2,747.1
	22,877.4	23,160.7

5. Other (losses)/gains, net

	Six months ended 30th June	
	2025	2024
	HK$M	HK$M
	(unaudited)	(unaudited)
Gain on disposal of subsidiaries	**52.9**	49.7
Gain on deemed disposal of subsidiaries and associates	-	42.0
Impairment loss for assets (note)	-	(41.0)
Remeasurement loss on assets classified as held-for-sale	-	(14.4)
Change in fair value of embedded derivative component of convertible bonds	**(0.6)**	65.8
Net investment (losses)/gains, including exchange differences	**(91.5)**	261.5
Others	**0.5**	(1.9)
	(38.7)	361.7

Note

The amount represents impairment provision against goodwill and property, plant and equipment of HK$41.0 million for the period ended 30th June 2024.

6. Taxation

	Six months ended 30th June	
	2025	2024
	HK$M	HK$M
	(unaudited)	(unaudited)
Current taxation	**992.5**	903.0
Deferred taxation relating to the origination and reversal of temporary differences and withholding tax	**61.9**	109.8
	1,054.4	1,012.8

The prevailing income tax rates of Hong Kong, the Chinese mainland and Thailand are 16.5 per cent (2024: 16.5 per cent), 15 per cent to 25 per cent (2024: 15 per cent to 25 per cent) and 50 per cent (2024: 50 per cent) respectively.

The Group is within the scope of the Organisation of Economic Co-operation and Development Pillar Two model rules. Under the model rules, the Group may be subject to a top-up tax for the difference between its Global Anti-Base Erosion effective tax rate per jurisdiction and the 15% minimum rate.

The Group applies the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

7. Dividends

	Six months ended 30th June	
	2025	2024
	HK$M	HK$M
	(unaudited)	(unaudited)
2024 Final, paid, of HK23 cents per ordinary share (2023 Final: HK23 cents per ordinary share)	**4,291.8**	4,291.8
2025 Interim, proposed, of HK12 cents per ordinary share (2024 Interim: HK12 cents per ordinary share)	**2,239.2**	2,239.2
	6,531.0	6,531.0

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK$2,964.0 million (2024: HK$3,040.2 million) and the weighted average of 18,659,870,098 shares (2024: 18,659,870,098 shares) in issue during the period. As there were no dilutive potential ordinary shares of the Company outstanding during the period, the weighted average number of shares used in calculating diluted earnings per share is the same as calculating basic earnings per share.

	Six months ended 30th June	
	2025	2024
	HK$M	HK$M
	(unaudited)	(unaudited)
Earnings		
Profit attributable to shareholders for the purpose of basic earnings per share	**2,964.0**	3,040.2
Effect of dilutive potential ordinary shares of a subsidiary:		
Interests on convertible bonds, attributable to shareholders	**28.5**	27.3
Change in fair value of embedded derivative component of convertible bonds, attributable to shareholders	**0.4**	(44.3)
Reduction in share of a subsidiary's profits	**(52.1)**	(46.6)
Profit attributable to shareholders for the purpose of diluted earnings per share	**2,940.8**	2,976.6

9. Trade and other receivables

	At 30th June 2025 HK$M (unaudited)	At 31st December 2024 HK$M (audited)
Trade receivables (note)	**5,183.3**	5,130.4
Payments in advance	**1,529.6**	1,715.7
Other receivables	**3,880.2**	4,628.8
	10,593.1	11,474.9

Note

The Group has established credit policies for different types of customers. The credit periods offered for trade receivables, which are subject to periodic review by management, range from 30 to 60 days except for gas receivables of the Company which are due by 8 working days after billing date. The aging analysis of the trade receivables, net of impairment provision, is as follows:

	At 30th June 2025 HK$M (unaudited)	At 31st December 2024 HK$M (audited)
0 - 30 days	**4,217.8**	4,417.0
31 - 60 days	**127.9**	82.2
61 - 90 days	**74.7**	75.4
Over 90 days	**762.9**	555.8
	5,183.3	5,130.4

10. Trade payables and other liabilities

	At 30th June 2025 HK$M (unaudited)	At 31st December 2024 HK$M (audited)
Trade payables (note a)	**4,471.5**	4,938.9
Other payables and accruals (note b)	**6,921.7**	7,191.3
Contract liabilities (note c)	**8,576.6**	8,512.6
Lease liabilities	**95.0**	108.0
	20,064.8	20,750.8

Notes

(a) The aging analysis of the trade payables is as follows:

	At 30th June 2025 HK$M (unaudited)	At 31st December 2024 HK$M (audited)
0 - 30 days	**1,416.2**	1,648.8
31 - 60 days	**512.6**	638.4
61 - 90 days	**855.5**	786.1
Over 90 days	**1,687.2**	1,865.6
	4,471.5	4,938.9

(b) The balances mainly represent accruals for services or goods received from suppliers.

(c) The balances mainly represent non-refundable advance received from customers for utility connection services, provision of gas and provision of maintenance services.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2025, both the Group's traditional utility businesses and growth businesses maintained steady development, demonstrating strong resilience. This highlights the results of the Group's efforts to improve quality and enhance efficiency in recent years. Accordingly, the Group's after-tax operating profit during the period increased by 3 per cent.

UTILITY BUSINESSES

Hong Kong Utility

Lower temperatures at the beginning of the year compared to the same period last year led to an increase of 209 million MJ in residential gas sales. At the same time, the HKSAR Government's active efforts to promote tourism and encourage local consumption boosted the market. In addition, the Group's completion of several large-scale gas facility installation projects in Grade A office buildings, sports venues, hotels, and hospitals during the period, helped to offset some of the impact caused by Hong Kong residents travelling abroad or spending on the Chinese mainland.

As at 30th June this year, the local gas sales volume reached 14,935 million TJ (equivalent to approximately 430 million cubic metres of natural gas). This figure remains essentially stable year-on-year. The number of customers was approximately 2.04 million, an increase of over 5,000 compared to the end of 2024. As the Group is actively supporting and participating in the Northern Metropolis development, it is expected to drive further growth in gas sales volumes into the future.

The Group has been actively promoting the application of its gas dehumidification systems. This service helps commercial buildings to significantly reduce the proportion of cooling energy needed while also furthering low-carbon operations. Currently, this gas dehumidification process has been put into use in several landmark projects, including The Henderson in Central, Union Hospital, newly completed hotels, as well as the Kai Tak Sports Park.

The Group's combined heat and power ("CHP") systems, which utilise gas generators to simultaneously produce heat and electricity, have achieved significant results in healthcare applications. Following the Alice Ho Miu Ling Nethersole Hospital in Tai Po becoming the first medical institution in Hong Kong to use this system, the North District Hospital expansion project will also use a "tri-generation" system for cooling, heating, and power. By generating electricity through biogas combustion, the heat and steam produced in the process can be used by the hospital for medical sterilisation, laundry and patient bathing services. This system is expected to save the user as much as HK$5 million in energy costs annually while reducing carbon emissions by 3,900 tonnes.

During the period, the Group continued to work closely with the catering industry, encouraging improvements in professional cooking equipment efficiency while also assisting mainland catering businesses to expand into the Hong Kong market.

Mainland Utilities

In the city-gas sector, affected by tariff issues, economic conditions and a mild winter in North China, national natural gas consumption fell by 0.9 per cent in the first half of the year. The Group, however, maintained stable gas sales volumes. Despite the ongoing downturn in the mainland property market, which has impacted the Group's connection businesses, the number of city-gas customers increased by 980,000 in the first half of the year. At the same time, the Group actively pursued cost pass-throughs, with a marked increase in the city-gas dollar margin by 8 per cent to RMB0.54 per cubic metre.

The Group actively expanded the stock-based market, using energy-saving retrofitting as an entry point to promote gas substitution for steam, electricity, oil and other energy sources. In the first half of the year, the Group secured 75 new large-scale industrial and commercial customers, adding annual gas consumption of 240 million cubic metres to its business. In areas such as Jiangsu Province and Zhejiang Province, the Group promoted direct-fired heat exchange retrofits for dyeing vats in the textile industry, achieving energy savings of over 20 per cent. In electricity-to-gas conversion, the Group has forged strong partnerships with equipment manufacturers to implement technical upgrades across various applications, including industrial hot-air drying and commercial dishwashers. By fully capitalising on the combined advantages of gas in terms of efficiency, cost-effectiveness and environmental benefits, the Group has successfully expanded its market.

In the "Gas+" business, the Group focused on expanding business sectors that involve energy efficiency upgrades for industrial and commercial customers, energy trusteeship for public institutions, as well as integrated energy solutions for industrial parks. Capitalising on the safety and technical expertise of its city-gas enterprises, the Group has developed its industrial and commercial gas maintenance services business.

The mainland utility businesses delivered a solid overall performance. Profits from the city-gas business remained broadly flat year-on-year. While the midstream business experienced some profit decline due to macroeconomic volatility, the Group actively mitigated this impact through refined operational management and cost controls. The water and environmental businesses benefitted from increased water sales volumes and cost optimisation, resulting in improved profitability.

Gas Resources Business

The Group's gas resources segment played a significant role in ensuring supply security while reducing costs for over 300 of the Group's city-gas businesses. Through a "centralised negotiations and individual contracts" approach, the Group negotiates directly with upstream suppliers on gas supply and pricing to maximise the interests of its city-gas enterprises.

The Group has secured long-term international liquefied natural gas ("LNG") import agreements totalling 1.5 million tonnes annually. Set to commence in 2027, the first batch will amount to approximately 500,000 tonnes. This will effectively reduce procurement costs for downstream joint ventures. Concurrently, the segment is accelerating the development of proprietary gas resources.

The Group's Jintan gas storage facility in Changzhou, Jiangsu Province, entered a new phase of multi-reservoir synchronised operations in the first half of the year. As a market-oriented emergency peak-shaving facility, the Jintan storage facility offers high flexibility. The gas resources segment actively collaborates with upstream companies to fully leverage the facility's flexible dispatch capabilities, enhancing overall emergency supply assurance and market peak-shaving efficiency.

GROWTH BUSINESSES

Renewable Energy Business

A series of favourable policies at the state level has further standardised and optimised the renewable energy market, creating a sound business and competitive environment that aligns closely with the Group's business strengths.

As at 30th June 2025, the Group and its subsidiary Towngas Smart Energy Company Limited ("Towngas Smart Energy", stock code: 1083.HK) had developed 128 zero-carbon smart industrial parks across 24 provincial regions. The installed capacity of commercial and industrial distributed photovoltaics (PV) reached 2.6 GW, showing steady growth from the end of 2024 with new grid connections of 0.3 GW. The contracted capacity for commercial and industrial energy storage reached 775 MWh, with a cumulative grid-connected capacity of 260 MWh. In the first half of 2025, the Group's photovoltaic electricity sales reached 1.18 billion kWh, up 44 per cent year-on-year, with a power transaction settlement scale of 3.64 billion kWh, up 14 per cent, demonstrating the continued expansion of the Group's influence in the market.

In terms of business model innovation, the Group has been vigorously developing its "Energy as a Service" ("EaaS") offering and building an integrated "photovoltaic + energy storage + electricity sales" carbon-reducing business model to address the challenges posed by market-driven fluctuations in renewable energy electricity pricing.

In parallel with these initiatives, the Group continued to deepen its Assets under Management ("AuM") strategy, actively introducing strategic investors to diversify investment risks and reduce pressures in expenditure. To this end, the Group successfully issued the "Zero Carbon Smart Phase 2" asset-backed securities programme ("quasi-REIT") product in the first half of the year, raising approximately RMB470 million to enhance cash flow. The Group is also planning to issue quasi-REITs in the second half of the year. Moving forward, 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 the investment in its energy technology platform, comprehensively upgrading its smart energy ecosystems and optimising trading algorithms with cutting-edge technology. The Group is also leveraging artificial intelligence ("AI") to develop refined asset management and scientific trading strategies to improve project investment returns.

Sustainable Aviation Fuel

During the period, EcoCeres, Inc., incubated by the Group and in which the Group holds a strategic stake, reached a multi-year sustainable aviation fuel ("SAF") supply agreement with British Airways. This collaboration will help the counterparty reduce approximately 400,000 tonnes of carbon emissions, equivalent to the total emissions of about 240,000 economy-class passengers on round-trip flights between London and New York.

A new EcoCeres plant located in Malaysia will be commissioned within the year, with a total annual production capacity exceeding 400,000 tonnes.

Green Methanol

After two years of market cultivation, the Group's green methanol products have been successfully certified and have won widespread market recognition, marking the beginning of a "boom period" as the business achieves substantial growth. Significant orders have been secured, some of which have already begun shipping in the first half of this year. The sales volume for the entire year is anticipated to reach 20,000 tonnes.

In the first half of the year, the Group established a new investment platform, VENEX, with Foran Energy Group Company Limited, with each party holding a 50 per cent stake. The Group will inject its green methanol plant in Ordos, Inner Mongolia (Inner Mongolia ECO Coal Chemical Technology Company Limited) into VENEX to expand production capacities. The new plant in Foshan in the Greater Bay Area is expected to go into production in 2027 with a Phase 1 production capacity of 200,000 tonnes.

Meanwhile, the Group has been actively expanding its partnership networks, collaborating with Singapore's Global Energy Trading Pte Ltd, the Singapore-based marine fuel supplier Golden Island Pte Ltd, Pacific Basin Shipping Limited, Royal Vopak of the Netherlands, the HKSAR Government and others, to develop supply chains and distribution networks.

Hydrogen Energy

The Group is leveraging the advantages of the Greater Bay Area to dynamically develop hydrogen energy demonstration projects in transportation, construction site power generation and in other fields. The hydrogen energy business developed by the Group in Hong Kong includes hydrogen power generation, as well as integrated new energy power generation solutions for construction sites and other scenarios. Currently, the first public electric vehicle automatic hydrogen energy charging system in Hong Kong, a collaboration between the Group and the Hong Kong Science and Technology Parks Corporation, has been launched. Additionally, the Group will also be responsible for providing hydrogen power generation for the golf venue of the 15th National Games to be held in Hong Kong.

The Group's first green hydrogen project in Hong Kong, located at the landfill extension in Tseung Kwan O, is expected to be completed and operational in 2026. It will produce 330 kg of green hydrogen daily by converting biogas collected from the landfill.

Extended Businesses

The Group's subsidiary, Towngas Lifestyle, following the integration of its mainland and Hong Kong operations in 2024, attracted significant investor attention and completed its first round of strategic financing of US$45 million in the first half of this year. The raised funds will enable Towngas Lifestyle to grow in scale nationwide, enhance its product and service capabilities, while also upgrading its digital platform capabilities in both its AI and IoT platforms. The Group's extended businesses are also committed to providing quality services to 45 million household gas users.

The smart kitchen business capitalised on opportunities arising from the "trade-in" market, with sales growing 25 per cent year-on-year in the first half of the year. In the insurance business, household comprehensive insurance increased to account for 50 per cent of total insurance sales. In Hong Kong, the Group also curated top-quality "white goods" to offer consumers a one-stop solution for a premium "home living" experience.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Through the Environmental, Social and Governance ("ESG") Committee's leadership and the commitment of all employees, the Group's ESG efforts have earned widespread recognition, including:

1. The Group was the only Chinese gas utility to rank in the top 1% of the Corporate Sustainability Assessment ("CSA");
2. The Group has been featured in the S&P Global Sustainability Yearbook (China Edition) for three consecutive years;
3. The Group's MSCI ESG rating has been upgraded to AA this year;
4. All gas cooking appliances and instantaneous water heaters now bear Energy Efficiency Labels.

On the social engagement front, events held included:

1. The Towngas Green Flame STEAM Summer Camp, which was launched to guide students to explore energy and environmental issues in depth;
2. In collaboration with the Hong Kong Federation of Trade Unions, the Gas Guardian Care Network pilot programme unfolded to utilise gerontechnology to enhance home safety for seniors;
3. In partnership with Maxim's Group, 10,000 free "soft meals" were provided to elderly care home residents to help those with swallowing difficulties.

BUSINESS OUTLOOK FOR 2025

Facing a complex external environment, including factors such as tariff unilateralism, which have affected global supply chains and prices, the Group has proactively deployed measures and adopted prudent financial management. These efforts include maintaining capital investments at low levels, divesting non-core assets and maximising asset value through accelerated restructuring, to continue maintaining the Group's steady progress forward.

Looking ahead to the second half of the year, tourist arrivals are expected to drive gas consumption in hotels, theme parks and other sectors, although rising temperatures and increased outbound travel may impact gas demand. Overall gas sales in Hong Kong are expected to remain broadly flat year-on-year.

On the mainland, after 30 years of operations, the Group's city-gas pipeline network has matured, allowing for reduced capital investment. Overall, the Group will continue to pursue an asset-light development model. Going forward, the Group will focus on optimising daily operations through technology, including leveraging artificial intelligence, refining the workforce structure and increasing the employee-to-customer ratio. These initiatives will unlock human resources potential throughout the Group, while at the same time, fostering new quality productive forces.

Amid the severe challenges facing the global environment and climate, the Group's renewable energy business and green fuel initiatives across the marine, land and air transport sectors will serve as the main drivers of business development and areas of key profit growth. In the renewable energy sector, the Group will continue its integrated business model encompassing investment, construction and operation, as well as promoting "PV + storage + sales" services to effectively navigate industry challenges. In the meantime, the Group will continue to vigorously advance green fuel initiatives across the marine, land and air transport sectors. Following the integration of the Group's Inner Mongolia green methanol production facility into the new platform, substantial improvements are anticipated in both production capacity and distribution channels. As shipping companies progressively launch new vessels compliant with international emission regulations, this will inevitably drive demand for green methanol. In terms of sustainable aviation fuel, as more countries establish stricter green fuel requirements, demand for sustainable aviation fuel is set to become increasingly inelastic. Regarding hydrogen energy, the Group will expand its application scenarios in Hong Kong and the mainland. This will include the dynamic development of hydrogen power solutions for construction sites and remote areas.

The Group's strategies and goals are to maintain steady growth in the utility businesses while positioning its growth businesses as new drivers for its future expansion. The Group is thus further optimising its cash flow management to support business development and mitigate risks. Capitalising on its advantages in talent, technology and market positioning, the Group is fully committed to achieving rapid profit growth and delivering strong returns to its stakeholders in recognition of their continuing trust and support.

FINANCIAL REVIEW

Revenue

For the first half of 2025, the Group's total gas sales volume remained constant as compared to the corresponding period last year. The Group's turnover was affected by multiple factors, including the adjustment on standard gas tariff for customers in Hong Kong effective from August 2024; the continued improvement in cost pass-throughs of piped gas on the Chinese mainland; yet the ongoing downturn in the mainland property market has led to a decrease in new household gas connection; and a 1 per cent depreciation of the RMB against the Hong Kong dollar average exchange rate compared to the corresponding period last year. Combining with abovementioned factors, the Group recorded consolidated revenue of HK$27,514.2 million, at similar level as the corresponding period last year.

	Six months ended 30th June	
	2025	2024
	HK$M	HK$M (restated)
Gas sales after fuel cost adjustment	**21,479.2**	21,296.3
Gas connection income	**974.2**	1,233.2
Equipment sales and maintenance services	**1,779.0**	1,734.4
Water, waste treatment and related sales	**827.7**	831.9
Renewable energy businesses	**762.5**	754.8
Other sales	**1,691.6**	1,645.6
Total	**27,514.2**	27,496.2

Total Operating Expenses

Total operating expenses of the Group included gas fuel, stores and materials used, manpower costs, depreciation and amortisation and other operating expenses. Total operating expenses in the first half of 2025 amounted to HK$22,877.4 million, representing a decrease of 1 per cent compared to the corresponding period last year.

	Six months ended 30th June	
	2025	2024
	HK$M	HK$M
Gas fuel, stores and materials used	**16,173.4**	16,657.4
Manpower costs	**1,954.5**	1,971.8
Depreciation and amortisation	**1,831.4**	1,784.4
Other operating expenses	**2,918.1**	2,747.1
Total	**22,877.4**	23,160.7

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

Other Losses/Gains, Net

In the first half of current year, other losses/gains, net recorded losses of HK$38.7 million as compared to gains of HK$361.7 million in the corresponding period last year. The main reasons were primarily attributable to net exchange losses of HK$152.8 million (2024 corresponding period: net exchange gains of HK$62.9 million) and fair value loss of HK$0.6 million of the embedded derivative component of convertible bonds (2024 corresponding period: fair value gain of HK$65.8 million) and impairment loss for assets of HK$41.0 million in the corresponding period last year.

Interest Expense

The interest expense of the Group decreased by 12 per cent from HK$1,114.7 million in the corresponding period last year to HK$985.5 million. Stringent control of capital expenditure and successful securing of lower interest loans have reduced the finance costs.

Share of Results of Associates

The share of profits of associates decreased by 23 per cent to HK$534.8 million as compared to HK$691.3 million in the corresponding period last year, mainly due to lower profit margin of advanced biofuel which is exposed to short-term market volatility.

Share of Results of Joint Ventures

The share of profits of joint ventures increased by 20 per cent to HK$359.4 million as compared to HK$300.4 million in the corresponding period last year. This was mainly driven by certain Chinese mainland city-gas joint ventures concluding cost pass-throughs, resulting in an improvement in the gas margin.

Profit for the Period

For the first half of 2025, profit attributable to shareholders of the Company amounted to HK$2,964 million, representing a decrease of 3 per cent compared to the corresponding period last year. Basic earnings per share amounted to 15.9 HK cents, a decrease of 3 per cent as compared to the corresponding period last year.

FINANCIAL RESOURCES REVIEW

Liquidity and capital resources

As at 30th June 2025, the Group had a net current borrowings position of HK$9,325 million (31st December 2024: HK$7,101 million) and long-term borrowings of HK$43,211 million (31st December 2024: HK$43,961 million). In addition, banking facilities available for use amounted to HK$31,200 million (31st December 2024: HK$30,000 million).

The operating and capital expenditures of the Group are funded by cash flow from operations, internal liquidity, banking facilities, debt and equity financing. The Group has adequate and stable sources of funds, unutilised banking facilities and Medium Term Note Programmes to meet its future capital expenditures and working capital requirements.

Financing structure

In May 2009, the Group established a US$1 billion Medium Term Note Programme (the "Programme") which gives the Group the flexibility to issue notes at favourable terms and timing. In June 2021, the Programme was updated with the size increased to US$5 billion. Medium term notes totalling HK$2,034 million, with an average tenor of 3.9 years, have been issued so far in 2025. In line with the Group's long-term business investments, as at 30th June 2025, the total nominal amount of medium term notes issued has reached HK$25 billion with tenors ranging from 2 to 40 years, mainly at fixed interest rates with an average of 3.5 per cent per annum and an average tenor of 12.5 years. In addition, our major listed subsidiary company Towngas Smart Energy Company Limited ("Towngas Smart Energy") also established its Medium Term Note Programme of US$2 billion in June 2021, which adds flexibility and capacity to its financing, and thus strengthening its financial position. In April 2022, Towngas Smart Energy issued its first 5-year Sustainability-Linked Bond (the "SLB") and raised a total of US$200 million. As at 30th June 2025, the total nominal amount of medium term notes issued has reached RMB1.8 billion, mainly at fixed interest rates with an average of 4.2 per cent per annum and an average tenor of 4.4 years. The carrying value of the issued notes in Renminbi ("RMB"), Australian dollar ("AUD"), Japanese yen ("JPY"), United States dollar ("USD") and Hong Kong dollar under the Programmes (the "MTNs") as at 30th June 2025 was HK$26,876 million (31st December 2024: HK$25,983 million).

To further diversify the funding sources, Towngas Smart Energy issued its first 1-year and 3-year Panda Bonds on the Chinese mainland in June 2023, raising a total of RMB1.5 billion with an average annual interest rate of 3.27 per cent. Among them is the first sustainability-linked Panda Bond issued by a Hong Kong enterprise on the Chinese mainland. The 1-year RMB1 billion Panda Bond was repaid on 12th June 2024. The carrying value of the Panda Bond as at 30th June 2025 was HK$549 million.

Additionally, to enhance the flexibility and ability of financing and strengthen its financial position, Towngas Smart Energy 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 borrowings amounted to HK$60,959 million (31st December 2024: HK$57,422 million). Convertible bonds ("CB") of nominal amount at RMB1,836 million were issued by Towngas Smart Energy to a strategic investor in November 2021 and the carrying value of the debt component of the issued CB as at 30th June 2025 was HK$1,932 million (31st December 2024: HK$1,850 million). While the majority of the notes and CB mentioned above together with some banks and other loans had fixed interest rate and were unsecured, a certain portion of notes and the remaining bank and other loans were unsecured and had a floating interest rate, of which HK$13,846 million (31st December 2024: HK$13,526 million) were long-term and HK$7,347 million (31st December 2024: HK$7,623 million) had maturities within one year. As at 30th June 2025, the maturity profile of the Group's borrowings was 29 per cent within 1 year, 18 per cent within 1 to 2 years, 38 per cent within 2 to 5 years and 15 per cent over 5 years (31st December 2024: 23 per cent within 1 year, 26 per cent within 1 to 2 years, 31 per cent within 2 to 5 years and 20 per cent over 5 years).

As at 30th June 2025, the AUD, JPY and a certain portion of RMB notes issued and the USD SLB issued by Towngas Smart Energy are hedged to Hong Kong dollar or Renminbi respectively by currency swaps. Except for the borrowings under Towngas Smart Energy and that of the subsidiaries in the Chinese mainland are arranged in or hedged to their functional currency in Renminbi, the Group's borrowings are primarily denominated in Hong Kong dollar after swap (Hong Kong dollar borrowings: HK$33,051 million; Renminbi borrowings: HK$5,731 million).

The gearing ratio [net borrowings / (total equity + net borrowings)] for the Group as at 30th June 2025 was 43 per cent (31st December 2024: 43 per cent).

Guarantee

As at 30th June 2025 and 31st December 2024, the Group did not provide any guarantee in respect of bank borrowing facilities made available to any associates, joint ventures or third parties.

Currency profile

The Group's operations and activities are predominantly based in Hong Kong and the Chinese mainland. As such, its cash, cash equivalents or borrowings are mainly denominated in Hong Kong dollar, Renminbi or United States dollar, whereas borrowings for the Group's subsidiaries, associates and joint ventures in the Chinese mainland are predominantly denominated in the local currency, Renminbi, in order to provide natural hedging for the investment there.

CREDIT RATINGS

Moody's Investors Service maintained the issuer rating of The Hong Kong and China Gas Company Limited at "A1" with a "stable" outlook rating. Standard & Poor's also affirmed the long-term corporate credit rating of The Hong Kong and China Gas Company Limited at "A-" and its rating outlook as "stable".

EMPLOYEES AND PRODUCTIVITY

As at 30th June 2025, the number of employees engaged in the town gas business and related extended businesses in Hong Kong totalled 2,155 (30th June 2024: 2,117), including 179 employees engaged in gas production-related work. The number of customers was 2,042,449, and each employee served the equivalent of 948 customers. Inclusive of employees engaged in businesses such as telecommunications and engineering contractual works, the total number of the Group's employees engaged in businesses in Hong Kong was 2,400 as at the end of June 2025 compared to 2,341 as at the end of June 2024. Related manpower costs amounted to HK$682 million for the first half of 2025, an increase of HK$24 million compared to the same period last year. The Group will continue to offer employees rewarding careers based on their capabilities and performance and arrange a variety of training programmes in order to constantly enhance the quality of its customer services.

Exclusive of businesses in Hong Kong, the total number of the Group's employees on the Chinese mainland and other places outside Hong Kong was approximately 53,120 as at the end of June 2025, similar to the same period last year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 4th September 2025 to Friday, 5th September 2025 (both days), 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 Company's share registrar, 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 Wednesday, 3rd September 2025.**

OTHER INFORMATION

Corporate governance

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

Model code for securities transactions by Directors

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

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

During the six months ended 30th June 2025, the trustee of the share award scheme (the "TSEL Share Award Scheme") adopted by Towngas Smart Energy Company Limited ("Towngas Smart Energy", a listed subsidiary of the Company), pursuant to the terms of the rules and trust deed of the TSEL Share Award Scheme, purchased on the Stock Exchange a total of 11,607,000 issued shares of Towngas Smart Energy at a total consideration of approximately HK$40,206,000.

Save as mentioned above, 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.

By Order of the Board
Peter Wong Wai-yee
Managing Director

Hong Kong, 20th August 2025

As at the date of this announcement, the Board of the Company comprises:

Non-executive Directors:
Dr. the Hon. Lee Ka-kit *(Chairman)*
Dr. Lee Ka-shing *(Chairman)*
Dr. Colin Lam Ko-yin
Prof. Andrew Fung Hau-chung

Independent Non-executive Directors:
Dr. the Hon. Sir David Li Kwok-po
Prof. the Hon. Poon Chung-kwong
Dr. the Hon. Moses Cheng Mo-chi
Prof. Anna Wong Wai-kwan

Executive Directors:
Mr. Peter Wong Wai-yee *(Managing Director)*
Mr. Yeung Lui-ming *(Chief Financial Officer)*
Mr. Chan Ying-lung *(Chief Investment Officer)*