



中裕能源控股有限公司
ZHONGYU ENERGY HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)
(Stock Code:3633)

INTERIM REPORT
FOR THE SIX MONTHS ENDED
30TH JUNE, 2025

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(Unaudited)	For the six months ended 30th June/ At 30th June,		
	2025 HK\$'000	2024 HK\$'000	changes %
Turnover	6,575,509	7,255,090	(9.4)%
Profit attributable to owner of the Company	245,510	239,077	2.7%
Basic earnings per share (HK cents)	8.89	8.57	3.7%
Unit of natural gas sold ('000 m ³)	1,688,073	1,738,419	(2.9)%
Unit of gas sold to LNG wholesale customers ('000 m ³)	357,900	178,291	100.7%
New piped gas connections made for industrial and commercial customers	1,757	1,345	30.6%
Accumulated number of integrated energy projects	262	216	21.3%

The board of directors (the “Board” or the “Directors”) of Zhongyu Energy Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June, 2025, together with the comparative figures for the corresponding period in 2024, which are set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th June, 2025

		For the six months ended 30th June,	
		2025 (unaudited) HK\$'000	2024 (unaudited) HK\$'000
	NOTES		
Turnover	3	6,575,509	7,255,090
Cost of sales		(5,786,266)	(6,240,798)
Gross profit		789,243	1,014,292
Other gains and losses	5	123,142	(57,746)
Other income		81,609	115,812
Selling and distribution costs		(104,445)	(119,746)
Administrative expenses		(297,674)	(278,418)
Impairment losses on financial assets		(853)	(405)
Finance costs	6	(208,493)	(277,435)
Share of results of associates		18,164	13,950
Share of results of joint ventures		(85)	(127)
Profit before tax		400,608	410,177
Income tax expenses	7	(152,427)	(147,339)
Profit for the period	8	248,181	262,838
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		(2,700)	(103,361)
Fair value gain (loss) on revaluation of pipelines included in property, plant and equipment		170,643	(71,141)
Deferred tax arising from revaluation of pipelines included in property, plant and equipment		(42,661)	17,785
Other comprehensive income for the period		125,282	(156,717)
Total comprehensive income for the period		373,463	106,121

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) *(Continued)*

For the six months ended 30th June, 2025

		For the six months ended 30th June,	
	NOTE	2025 (unaudited) <i>HK\$'000</i>	2024 (unaudited) <i>HK\$'000</i>
Profit for the period attributable to:			
Owners of the Company		245,510	239,077
Non-controlling interests		2,671	23,761
		<u>248,181</u>	<u>262,838</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		355,853	91,661
Non-controlling interests		17,610	14,460
		<u>373,463</u>	<u>106,121</u>
Earnings per share	10		
Basic (HK cents)		<u>8.89</u>	<u>8.57</u>
Diluted (HK cents)		<u>8.89</u>	<u>8.57</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2025

	NOTE	30th June, 2025 (unaudited) HK\$'000	31st December, 2024 (audited) HK\$'000
Non-current assets			
Investment properties		6,185	6,098
Property, plant and equipment		15,581,932	15,215,356
Right-of-use assets		641,063	658,096
Goodwill		456,029	449,613
Other intangible assets		1,272,848	1,296,517
Long-term deposits, prepayments and other receivables		1,130,483	1,131,281
Interests in associates		809,230	779,740
Interests in joint ventures		12,781	12,686
Financial assets at fair value through other comprehensive income		77,693	115,493
		<u>19,988,244</u>	<u>19,664,880</u>
Current assets			
Inventories		711,463	526,984
Properties under development for sale		328,591	318,647
Trade receivables	11	2,177,368	1,732,847
Deposits, prepayments and other receivables		1,927,997	1,692,060
Amount due from a non-controlling shareholder of a subsidiary		8,233	8,117
Contract assets		575,299	624,511
Tax recoverable		3,775	3,721
Bank balances and cash		656,928	1,650,857
		<u>6,389,654</u>	<u>6,557,744</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 30th June, 2025

	NOTE	30th June, 2025 (unaudited) HK\$'000	31st December, 2024 (audited) HK\$'000
Current liabilities			
Trade payables	12	1,453,832	1,547,375
Other payables and accrued charges		700,903	734,588
Amounts due to non-controlling shareholders of subsidiaries		7,673	1,190
Amount due to an associate		982	968
Contract liabilities		1,026,346	1,322,008
Borrowings		8,098,969	5,977,459
Lease liabilities		6,712	6,558
Tax payables		8,689	85,548
		<u>11,304,106</u>	<u>9,675,694</u>
Net current liabilities		<u>(4,914,452)</u>	<u>(3,117,950)</u>
Total assets less current liabilities		<u>15,073,792</u>	<u>16,546,930</u>
Capital and reserves			
Share capital		27,483	27,777
Reserves		<u>7,587,340</u>	<u>7,357,751</u>
Equity attributable to owners of the Company		<u>7,614,823</u>	<u>7,385,528</u>
Non-controlling interests		<u>996,313</u>	<u>995,443</u>
Total equity		<u>8,611,136</u>	<u>8,380,971</u>
Non-current liabilities			
Deferred income and advance received		3,651	3,876
Borrowings		5,181,441	6,922,213
Lease liabilities		16,616	18,046
Deferred taxation		<u>1,260,948</u>	<u>1,221,824</u>
		<u>6,462,656</u>	<u>8,165,959</u>
		<u>15,073,792</u>	<u>16,546,930</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2025

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Share option reserve	Property revaluation reserve	Other reserve	Statutory surplus reserve	Translation reserve	Accumulated profits		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Note i)	(Note ii)				
At 1st January, 2024 (audited)	27,942	2,508,703	12,534	1,942,512	(605,493)	300,012	(437,772)	3,952,875	7,701,313	8,693,427
Profit for the period	-	-	-	-	-	-	-	239,077	239,077	262,838
Other comprehensive income for the period	-	-	-	(63,764)	-	-	(83,652)	-	(147,416)	(156,717)
Total comprehensive income for the period	-	-	-	(63,764)	-	-	(83,652)	239,077	91,661	106,121
Repurchase of shares	(93)	(46,017)	-	-	-	-	-	-	(46,110)	(46,110)
Transfer to statutory surplus reserve	-	-	-	-	-	10,155	-	(10,155)	-	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(10,376)	(10,376)
At 30th June, 2024 (unaudited)	27,849	2,462,686	12,534	1,878,748	(605,493)	310,167	(521,424)	4,181,797	7,746,864	8,743,062
At 1st January, 2025 (audited)	27,777	2,429,452	12,534	1,780,500	(598,445)	327,268	(665,561)	4,072,003	7,385,528	8,380,971
Profit for the period	-	-	-	-	-	-	-	245,510	245,510	248,181
Other comprehensive income for the period	-	-	-	143,759	-	-	(33,416)	-	110,343	125,282
Total comprehensive income for the period	-	-	-	143,759	-	-	(33,416)	245,510	355,853	373,463
Repurchase of shares	(294)	(126,264)	-	-	-	-	-	-	(126,558)	(126,558)
Transfer to statutory surplus reserve	-	-	-	-	-	22,456	-	(22,456)	-	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(17,391)	(17,391)
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	651	651
At 30th June, 2025 (unaudited)	27,483	2,303,188	12,534	1,924,259	(598,445)	349,724	(698,977)	4,295,057	7,614,823	8,611,136

Notes: (i) Other reserve mainly represents the difference between the fair values of the considerations paid and the carrying amounts of the non-controlling interests arising from acquisition of additional interest in subsidiaries.

(ii) The articles of association of the Company's subsidiaries established in the People's Republic of China (the "PRC") state that they may make an appropriation of 10% of their profit for each year (prepared under generally accepted accounting principles in the PRC) to the statutory surplus reserve until the balance reaches 50% of the paid-in capital. The statutory surplus reserve shall only be used for making up losses, capitalization into paid-in capital and expansion of their production and operation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2025

	For the six months ended 30th June,	
	2025 (unaudited) HK\$'000	2024 (unaudited) HK\$'000
Net cash (used in) from operating activities	(252,896)	317,004
Net cash used in investing activities	(500,985)	(593,836)
Net cash used in financing activities	(236,522)	(170,438)
Net decrease in cash and cash equivalents	(990,403)	(447,270)
Cash and cash equivalents at 1st January	1,650,857	1,522,684
Effect of foreign exchange rate changes	(3,526)	(23,615)
Cash and cash equivalents at 30th June, represented by bank balances and cash	<u>656,928</u>	<u>1,051,799</u>

NOTES

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December, 2024, which have been prepared in accordance with HKFRS Accounting Standards.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain property, plant and equipment, financial instruments and investment properties which are measured at revalued amounts or fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to HKFRS Accounting Standards and application of certain accounting policies which became relevant to the Group in the current interim period, 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 presented in the Group’s annual consolidated 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 HKFRS Accounting Standards 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	The effects of changes in foreign exchange rates
	– Lack of exchangeability

The Group has not early applied the new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective.

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

3. TURNOVER

Disaggregation of revenue from contracts with customers

	For the six months ended 30th June,	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Types of goods or services		
Sales of gas	5,619,687	5,860,550
Gas pipeline construction	380,049	580,215
Smart energy	332,361	548,680
Value-added services	151,416	169,567
Sales of compressed natural gas or liquefied natural gas ("CNG/LNG") in vehicle filling stations	91,996	96,078
Total	6,575,509	7,255,090
Timing of revenue recognition		
A point in time	6,195,460	6,674,875
Over time	380,049	580,215
Total	6,575,509	7,255,090

Revenue from contracts with customers are mainly derived from the PRC.

4. SEGMENT INFORMATION

The Group's executive Directors are the chief operating decision makers ("CODM") as they collectively make strategic decisions on resources allocation and performance assessment. Majority of identifiable assets of the Group are located in the PRC.

Information that is reported to the CODM for the purpose of resources allocation and assessment of performance focuses on the type of products delivered or services rendered which is also consistent with the basis of organisation of the Group.

Each type of product or service represents a unique business unit within the Group whose performance is assessed independently. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments are as follows:

- (a) sales of gas;
- (b) gas pipeline construction;
- (c) smart energy;
- (d) value-added services (including sales of stoves and provision of other related services);
and
- (e) operation of CNG/LNG vehicle filling stations.

4. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the six months ended 30th June, 2025

	Sales of gas <i>HK\$'000</i>	Gas pipeline construction <i>HK\$'000</i>	Smart energy <i>HK\$'000</i>	Value-added services <i>HK\$'000</i>	Operation of CNG/LNG vehicle filling stations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>5,619,687</u>	<u>380,049</u>	<u>332,361</u>	<u>151,416</u>	<u>91,996</u>	<u>6,575,509</u>
Segment profit	<u>218,055</u>	<u>181,600</u>	<u>28,962</u>	<u>40,821</u>	<u>1,529</u>	<u>470,967</u>
Unallocated other income						73,325
Unallocated other gains and losses						125,320
Unallocated central corporate expenses						(60,119)
Impairment losses on other receivables						(392)
Finance costs						<u>(208,493)</u>
Profit before tax						<u><u>400,608</u></u>

For the six months ended 30th June, 2024

	Sales of gas <i>HK\$'000</i>	Gas pipeline construction <i>HK\$'000</i>	Smart energy <i>HK\$'000</i>	Value-added services <i>HK\$'000</i>	Operation of CNG/LNG vehicle filling stations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>5,860,550</u>	<u>580,215</u>	<u>548,680</u>	<u>169,567</u>	<u>96,078</u>	<u>7,255,090</u>
Segment profit	<u>290,763</u>	<u>307,699</u>	<u>38,642</u>	<u>61,930</u>	<u>1,847</u>	<u>700,881</u>
Unallocated other income						108,880
Unallocated other gains and losses						(57,951)
Unallocated central corporate expenses						(63,806)
Impairment losses on other receivables						(392)
Finance costs						<u>(277,435)</u>
Profit before tax						<u><u>410,177</u></u>

4. SEGMENT INFORMATION *(Continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies. Reportable segments represent the financial result of each segment without allocation of central administration costs, directors' emoluments, interest income, foreign exchange gains or losses, certain sundry income, impairment losses on other receivables and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

5. OTHER GAINS AND LOSSES

	For the six months ended 30th June,	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Net foreign exchange gain (loss)	126,756	(57,176)
Net losses on disposal of property, plant and equipment	(1,436)	(570)
Others	(2,178)	—
	<u>123,142</u>	<u>(57,746)</u>

6. FINANCE COSTS

	For the six months ended 30th June,	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on borrowings and lease liabilities	267,937	321,570
Amortisation on loan facilities fees relating to bank borrowings	<u>17,730</u>	<u>34,385</u>
Total borrowing costs	285,667	355,955
Less: Amounts capitalised in construction in progress included in property, plant and equipment	<u>(77,174)</u>	<u>(78,520)</u>
	<u>208,493</u>	<u>277,435</u>

7. INCOME TAX EXPENSES

	For the six months ended 30th June,	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
PRC Enterprise Income Tax	<u>152,427</u>	<u>147,339</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Company and its subsidiaries had no assessable profits arising in Hong Kong for both periods.

Under the EIT Law of the PRC, withholding tax is imposed on the dividends declared to non-PRC tax residents in respect of profits earned by PRC subsidiaries from 1st January, 2008 onwards. During the six months ended 30th June, 2025, withholding tax amounting to HK\$30,355,000 (2024: HK\$17,493,000) was charged by the PRC tax authority on the dividends paid to overseas group entities.

8. PROFIT FOR THE PERIOD

	For the six months ended 30th June,	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit for the period has been arrived at after charging:		
Amortisation of other intangible assets (included in cost of sales)	41,437	42,010
Depreciation of right-of-use assets	9,107	9,948
Depreciation of property, plant and equipment	<u>251,195</u>	<u>250,214</u>

9. DIVIDENDS

During the six months ended 30th June, 2025, a final dividend of HK2 cents per ordinary share in respect of the year ended 31st December, 2024 (2024: no final dividend in respect of the year ended 31st December, 2023), in an aggregate amount of HK\$54,966,000 (2024: nil), has been proposed by the Directors and approved by the shareholders in the annual general meeting.

No dividend was paid during the six months ended 30th June, 2024 and 2025.

Subsequent to the end of the current interim period, the Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2025.

10. EARNINGS PER SHARE

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

	For the six months ended 30th June,	
	2025 HK\$'000	2024 HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share, being profit for the period attributable to owners of the Company	<u>245,510</u>	<u>239,077</u>
	For the six months ended 30th June,	
	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>2,762,021</u>	<u>2,790,825</u>

11. TRADE RECEIVABLES

Other than certain major customers with good payment history which the Group allows a large credit period or settlement by installment basis, the Group generally allows an average credit period of 30 to 180 days to its trade customers. The following is an aged analysis of trade receivables from contracts with customers net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates for sales of gas and the respective construction contracts completion dates, as appropriate:

	30th June, 2025 <i>HK\$'000</i>	31st December, 2024 <i>HK\$'000</i>
0 – 180 days	1,223,535	767,545
181 – 360 days	254,112	271,130
Over 360 days	699,721	694,172
Trade receivables	<u>2,177,368</u>	<u>1,732,847</u>

As at 30th June, 2025, total bills received amounting to HK\$152,315,000 (2024: HK\$144,889,000) are held by the Group for future settlement of trade receivables. All bills received by the Group are with a maturity period of less than one year.

The amounts due from certain PRC local governments for the “Coal-to-gas” projects under the “gas pipeline construction” segment are included in the carrying amount of trade receivables.

As at 30th June, 2025, included in the Group’s trade receivables balance are debtors with aggregate carrying amount of HK\$953,833,000 (2024: HK\$964,446,000) which are past due as at the reporting date and is not considered as in default as these are represented by the debtors without bad debt history or the PRC local governments with low credit risks. The Group does not hold any collateral over these balances.

12. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30th June, 2025 <i>HK\$'000</i>	31st December, 2024 <i>HK\$'000</i>
0 – 90 days	714,749	746,400
91 – 180 days	102,115	108,586
Over 180 days	636,968	692,389
Trade payables	<u>1,453,832</u>	<u>1,547,375</u>

The average credit period on purchase of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

LIQUIDITY, FINANCIAL RESOURCES AND WORKING CAPITAL

Treasury Management and Cash Funding

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group continues to monitor its cash flow position and debt profile, and to enhance the cost-efficiency of funding initiatives by its centralised treasury function. In order to maintain financial flexibility and adequate liquidity for the Group's operations, potential investments and growth plans, the Group has built a strong base of funding resources and will keep exploring cost-efficient ways of financing.

Liquidity

As at 30th June, 2025, the total assets of the Group increased by HK\$155,274,000 or 0.6% to HK\$26,377,898,000 (31st December, 2024: HK\$26,222,624,000).

As at 30th June, 2025, the Group has net current liabilities of HK\$4,914,452,000 (31st December, 2024: HK\$3,117,950,000). Increase in net current liabilities was mainly due to increase in borrowings due within one year.

As at 30th June, 2025, the Group's current ratio, represented by a ratio of total current assets to total current liabilities, was approximately 0.6 (31st December, 2024: 0.7).

As at 30th June, 2025, the total borrowings and lease liabilities increased by HK\$379,462,000 or 2.9% to HK\$13,303,738,000 (31st December, 2024: HK\$12,924,276,000).

As at 30th June, 2025, the Group had total net debts of HK\$12,646,810,000 (31st December, 2024: HK\$11,273,419,000), measured as total borrowings and lease liabilities minus the bank balances and cash. As at 30th June, 2025, the Group had net gearing ratio of approximately 1.47 (31st December, 2024: 1.35), measured as total net debts to total equity of HK\$8,611,136,000 (31st December, 2024: HK\$8,380,971,000).

Financial resources

During the six months ended 30th June, 2025, the Group generally financed its operations with internally generated resources and bank and other borrowings. As at 30th June, 2025, all of the bank and other borrowings were on normal commercial terms.

The Group's borrowing was not affected by seasonality.

Capital structure

As at 30th June, 2025, approximately 61% of total borrowings and lease liabilities were repayable within one year and approximately 39% of total borrowings and lease liabilities were repayable after one year. Approximately 75%, 9% and 16% of total borrowings and lease liabilities were denominated in Renminbi ("RMB"), United States dollars ("US\$") and Hong Kong dollars ("HK\$") respectively. Approximately 75% and 25% of total borrowings were carried at floating interest rate and fixed interest rate respectively.

Working capital

In view of the Group's current financial and liquidity positions and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group has sufficient working capital for its requirements.

EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

During the period under review, the Group's monetary assets and liabilities are principally denominated in either RMB, HK\$ or US\$ and the Group conducted its business transactions principally in RMB. The cash and cash equivalents of the Group are held in RMB, HK\$ or US\$. As a result of the appreciation of RMB since mid-May 2025, exchange gain arose from the Group's bank borrowings denominated in US\$ and HK\$ as at 30th June, 2025. The Group may, as it thinks fit, seek suitable financial instruments to hedge against potential depreciation of RMB. As at 30th June, 2025, the Group did not, but was actively exploring opportunities to, employ any financial instruments for hedging purposes.

EMPLOYEE INFORMATION

As at 30th June, 2025, the Group had a total of 5,143 employees (2024: 5,111) in Hong Kong and the PRC, and the total employee benefit expenses (other than directors) for the period under review was approximately HK\$322,884,000 (2024: HK\$317,661,000). The growth was mainly due to the increase in the number of headcount of the Group. Around 99.7% of the Group's employees are based in the PRC.

The Group's remuneration and bonus policies are determined based on the performance of individual employees.

The emoluments of the Directors are recommended by the Remuneration Committee of the Company, having regard to the Group's operating results, the Directors' duties and responsibilities within the Group and comparable market statistics.

Share option schemes

On 24th October, 2003, the Company adopted a share option scheme ("First Share Option Scheme") pursuant to which the Directors were authorised to grant share option to its employees (including executive directors and employees of any of its subsidiaries) or any person who has contributed or will contribute to the Group. The First Share Option Scheme was terminated and replaced by a new share option scheme ("Second Share Option Scheme") on 3rd May, 2013 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 3rd May, 2013. As at 30th June, 2025, there was no share option outstanding under the First Share Option Scheme.

The Second Share Option Scheme was valid and effective for a period of ten years commencing on 3rd May, 2013 and expired on 2nd May, 2023. Under the Second Share Option Scheme, the Directors may offer to any employees or any eligible person, who has made or will make contributions to the Group, share options to subscribe for shares in the Company in accordance with the terms of the Second Share Option Scheme. Such scheme was terminated and replaced by another new share option scheme (“Third Share Option Scheme”) on 2nd June, 2023 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 2nd June, 2023.

No options were exercised, cancelled or lapsed under the Second Share Option Scheme in the period under review. As at 30th June, 2025, 126,730,800 share options were granted, 3,526,100 share options have lapsed in accordance with the terms of the Second Share Option Scheme, 107,614,800 shares have been issued under the Second Share Option Scheme and the number of share options outstanding was 15,589,900. The outstanding share options, if converted in full into shares of the Company, represent approximately 0.57% of the number of issued shares of the Company (excluding treasury shares, if any) as at 30th June, 2025. The number of options available for grant under the scheme mandate limit of the Second Share Option Scheme was nil as at 1st January and 30th June, 2025.

The following table discloses movements of the Company’s share options granted to the eligible participants (including Directors) under the Second Share Option Scheme during the period under review:

		Number of share options granted under the Second Share Option Scheme						
Name of participants who are Directors and category of other participants	Date of grant	Exercise period	Exercise price HK\$	Cancelled/				
				Outstanding at 1st January, 2025	Granted during the period under review	Exercised during the period under review	Lapsed during the period under review	Outstanding at 30th June, 2025
Lui Siu Keung	5th January, 2018	5th January, 2018 to 4th January, 2028 (Note a)	5.468	7,543,500	–	–	–	7,543,500
Lu Zhaoheng (Note c)	5th January, 2018	5th January, 2018 to 4th January, 2028 (Note a)	5.468	3,017,400	–	–	–	3,017,400
Li Chunyan	5th January, 2018	5th January, 2018 to 4th January, 2028 (Note a)	5.468	502,900	–	–	–	502,900
Liu Yu Jie	5th January, 2018	5th January, 2018 to 4th January, 2028 (Note a)	5.468	502,900	–	–	–	502,900
				11,566,700	–	–	–	11,566,700
Employees	5th January, 2018	5th January, 2018 to 4th January, 2028 (Note a)	5.468	2,514,500	–	–	–	2,514,500
Employees	5th January, 2018	17th December, 2019 to 4th January, 2028 (Note b)	5.468	1,508,700	–	–	–	1,508,700
				15,589,900	–	–	–	15,589,900
Exercisable at the end of the period								15,589,900
Weighted average exercise price				HK\$5.468	–	–	–	HK\$5.468

Note a: The options became vested immediately on 5th January, 2018.

Note b: Pursuant to an ordinary resolution passed by the shareholders on 17th December, 2019, the options became vested immediately upon passing of the resolution.

Note c: Mr. Lu Zhaoheng retired as an executive Director of the Company with effect from 2nd June, 2025.

The Third Share Option Scheme shall be valid and effective for a period of ten years commencing on 2nd June, 2023 and will expire on 1st June, 2033. Under the Third Share Option Scheme, the Directors may offer to any employees or any participant who is a director or employee of any related entity in accordance with Chapter 17 of the Listing Rules, who has made or will make contributions to the Group, share options to subscribe for shares in the Company in accordance with the terms of the Third Share Option Scheme. The exercise price shall be determined by the Directors, and shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the date of grant which must be a business day; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company’s shares. The scheme mandate limit of the Third Share Option Scheme is 282,975,315. Since the adoption of the Third Share Option Scheme and during the period under review, no share options have been granted, exercised, cancelled or lapsed. The number of options available for grant under the scheme mandate limit of the Third Share Option Scheme was 282,975,315 as at 1st January and 30th June, 2025.

CHARGE ON THE GROUP’S ASSETS

As at 30th June, 2025 and 31st December, 2024, there was no pledged bank deposit to secure the short-term general banking facilities granted to the Group.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSALS

During the period under review, the Group did not conduct any significant investments, or material acquisitions or disposal of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As at 30th June, 2025, the Board did not have any specific plans for material investment or capital assets.

CAPITAL AND OTHER COMMITMENTS

As at 30th June, 2025, the capital expenditure in respect of the acquisition of property, plant and equipment and right-of-use assets contracted for but not provided in the condensed consolidated financial statements was HK\$92,022,000 (31st December, 2024: HK\$98,076,000).

CONTINGENT LIABILITIES

As at 30th June, 2025, the Group did not have any contingent liabilities (2024: nil).

BUSINESS REVIEW

During the period under review, the Group was principally engaged in (i) the investment, operation and management of gas pipeline infrastructure, and the distribution of piped gas to residential, industrial and commercial users; (ii) development of smart energy; (iii) sales of stoves and provision of other related value-added services; and (iv) the operation of CNG/LNG vehicle filling stations in the PRC.

Piped Gas Distribution Projects

As at 30th June, 2025, the Group had 74 gas projects with exclusive rights in the PRC.

Major Operational Data

The natural gas distribution business of the Group primarily comprises sales of gas, gas pipeline construction and sales of natural gas from CNG/LNG vehicle filling stations.

The major operational data of the Group for the period under review together with the comparative figures for the corresponding period last year are as follows:

	Six months ended 30th June/At 30th June, (unaudited)		Increase/ (Decrease)
	2025	2024	
Number of operational locations (<i>Note a</i>)	74	75	(1)
– Henan Province	28	28	–
– Hebei Province	21	21	–
– Jiangsu Province	7	8	(1)
– Shandong Province	4	4	–
– Jilin Province	4	4	–
– Fujian Province	1	1	–
– Heilongjiang Province	2	2	–
– Zhejiang Province	2	2	–
– Anhui Province	3	3	–
– Inner Mongolia	1	1	–
– Jiangxi Province	1	1	–
Connectable population ('000) (<i>Note b</i>)	25,939	25,244	2.8%
Connectable residential households ('000)	7,411	7,199	2.9%
New piped gas connections by the Group made during the period			
– Residential households	105,560	171,112	(38.3)%
– Industrial customers	186	138	34.8%
– Commercial customers	1,571	1,207	30.2%
Accumulated number of connected piped gas customers			
– Residential households	5,297,310	5,109,629	3.7%
– Industrial customers	4,764	4,409	8.1%
– Commercial customers	28,201	24,323	15.9%
Penetration rate of residential pipeline connection (<i>Note c</i>)	71.5%	71.0%	0.5%
Unit of piped natural gas sold to retail customers ('000 m ³)			
– Residential households	442,897	466,566	(5.1)%
– Industrial customers	621,303	654,231	(5.0)%
– Commercial customers	80,246	84,245	(4.7)%

	Six months ended 30th June/At 30th June, (unaudited)		Increase/ (Decrease)
	2025	2024	
Unit of gas sold to wholesale customers (’000 m ³)			
– Piped natural gas	160,999	331,808	(51.5)%
– LNG	357,900	178,291	100.7%
Total unit of gas sold (’000 m ³)	1,663,345	1,715,141	(3.0)%
Number of CNG/LNG vehicle filling stations			
– Accumulated	56	56	–
– Under construction	7	7	–
Unit of natural gas sold to vehicles (’000 m ³)	24,728	23,278	6.2%
Total length of existing intermediate and main pipelines (km)	28,380	27,897	1.7%
Average selling price of natural gas (pre-tax) (RMB per m ³)			
– Residential households	2.65	2.66	(0.4)%
– Industrial customers	3.53	3.62	(2.5)%
– Commercial customers	3.89	3.96	(1.8)%
– Wholesale customers	2.52	2.50	0.8%
– Wholesale customers (LNG)	3.03	3.08	(1.6)%
– CNG/LNG vehicle filling stations	3.43	3.75	(8.5)%
Average purchase cost of natural gas (RMB per m ³) (Note d)	2.70	2.69	0.4%
Average connection fee for residential households (RMB)	2,790	2,712	2.9%
Accumulated number of integrated energy projects in operation	262	216	21.3%
Sales volume of integrated energy (million kWh)	818	1,255	(34.8)%

Note a: The number of operational locations represents the gas projects with exclusive rights which are operated by the Group in different cities and regions in the PRC.

Note b: The information is quoted from the website of the PRC government.

Note c: The penetration rates of residential pipeline connection refers to the accumulated number of the Group's connected residential households to the estimated aggregate number of connectable residential households in its operation regions expressed in percentages.

Note d: The amounts do not include the average distribution costs of natural gas, which is RMB0.21 per m³ (2024: RMB0.19 per m³).

FINANCIAL REVIEW

Overall

The Group's turnover for the six months ended 30th June, 2025 decreased by 9.4% to HK\$6,575,509,000 (2024: HK\$7,255,090,000). The Group's profit attributable to owners of the Company increased by 2.7% to HK\$245,510,000 (2024: HK\$239,077,000). The basic and diluted earnings per share attributable to the owners of the Company were HK8.89 cents and HK8.89 cents respectively for the six months ended 30th June, 2025, as compared with that of HK8.57 cents and HK8.57 cents respectively for the corresponding period last year.

Turnover

An analysis of the Group's turnover by products and services for the period under review, together with the comparative figures for the corresponding period last year, are as follows:

	For the six months ended 30th June,				
	2025 <i>HK\$'000</i>	% of total	2024 <i>HK\$'000</i>	% of total	Increase/ (Decrease)
Sales of Gas	5,619,687	85.5%	5,860,550	80.8%	(4.1)%
Gas Pipeline Construction	380,049	5.8%	580,215	8.0%	(34.5)%
Smart Energy	332,361	5.0%	548,680	7.6%	(39.4)%
Value-added Services	151,416	2.3%	169,567	2.3%	(10.7)%
Sales of CNG/LNG in Vehicle Filling Stations	91,996	1.4%	96,078	1.3%	(4.2)%
Total	<u>6,575,509</u>	<u>100%</u>	<u>7,255,090</u>	<u>100%</u>	<u>(9.4)%</u>

The turnover for the period under review amounted to HK\$6,575,509,000 (2024: HK\$7,255,090,000). Such decrease was mainly attributable to the decrease in revenue from gas pipeline construction and smart energy.

Sales of gas

Sales of gas for the six months ended 30th June, 2025 amounted to HK\$5,619,687,000 (2024: HK\$5,860,550,000), representing a decrease of 4.1% over the corresponding period last year. Revenue from sales of gas expressed in RMB for the period under review decreased by 2.7%. The further decrease in revenue from sales of gas expressed in HK\$ was mainly due to the impact of the depreciation of RMB against HK\$ in the first half of 2025.

Sales of gas for the period under review contributed 85.5% of the total turnover of the Group, as compared with 80.8% during the corresponding period last year. Sales of gas continued to be the major source of turnover for the Group. The following table set forth the breakdown of revenue from sales of gas by customers.

Sales of gas by customers

	For the six months ended 30th June,				
	2025	%		%	Increase/
	HK\$'000	of total	2024	of total	(Decrease)
			HK\$'000		
Industrial customers	2,383,814	42.4%	2,609,084	44.5%	(8.6)%
Residential households	1,276,873	22.7%	1,367,314	23.3%	(6.6)%
Commercial customers	339,315	6.1%	367,219	6.3%	(7.6)%
Wholesale customers	1,619,685	28.8%	1,516,933	25.9%	6.8%
Total	5,619,687	100%	5,860,550	100%	(4.1)%

Industrial customers

The sales of gas to the Group's industrial customers for the period under review decreased by 8.6% to HK\$2,383,814,000 from HK\$2,609,084,000 for the corresponding period last year. Revenue from sales of gas to industrial customers expressed in RMB for the period under review decreased by 7.3%. The further decrease in revenue from sales of gas to industrial customers expressed in HK\$ was mainly due to the impact of the depreciation of RMB against HK\$ in the first half of 2025. During the period under review, the Group connected 186 new industrial customers and the piped natural gas usage provided by the Group to its industrial customers decreased by 5.0% to 621,303,000 m³ (2024: 654,231,000 m³). The average selling price of natural gas for industrial customers for the period under review was adjusted downwards by 2.5% to RMB3.53 per m³ (2024: RMB3.62 per m³).

The sales of gas to our industrial customers for the period under review contributed 42.4% of the total sales of gas of the Group (2024: 44.5%) and continues to be the major source of sales of gas of the Group.

Residential households

The sales of gas to our residential households for the period under review decreased by 6.6% to HK\$1,276,873,000 from HK\$1,367,314,000 for the corresponding period last year. Revenue from sales of gas to residential households expressed in RMB for the period under review decreased by 5.3%. The further decrease in revenue from sales of gas to residential households expressed in HK\$ was mainly due to the impact of the depreciation of RMB against HK\$ in the first half of 2025. The performance remains stable as it was supported by continuous construction work for gas pipeline connection and the growth in population in the Group's existing project cities in the PRC. In recent years, as the PRC have been promoting the establishment of the price linkage mechanism for natural gas, governments at local level have made price adjustment to the natural gas consumed by residential households. Furthermore, after years of promotion of clean energy heating plan, more residential households are willing to use natural gas for indoor heating in the winter, which led to stable gas consumption of residential households for indoor as well. During the period under review, the Group provided new natural gas connections for 105,560 residential households and the piped natural gas usage provided by the Group to residential households decreased by 5.1% to 442,897,000 m³ (2024: 466,566,000 m³). The average selling price of natural gas for residential customers slightly decreased by 0.4% to RMB2.65 per m³ (2024: RMB2.66 per m³).

The sales of gas to our residential households for the period under review contributed 22.7% of the total sales of gas of the Group (2024: 23.3%).

Commercial customers

The sales of gas to our commercial customers for the period under review decreased by 7.6% to HK\$339,315,000 from HK\$367,219,000 for the corresponding period last year. Revenue from sales of gas to commercial customers expressed in RMB for the period under review decreased by 6.3%. The further decrease in revenue from sales of gas to commercial customers expressed in HK\$ was due to the impact of the depreciation of RMB against HK\$ in the first half of 2025. The sales of gas to commercial customers for the period under review contributed 6.1% of the total sales of gas of the Group (2024: 6.3%). During the period under review, the Group connected 1,571 new commercial customers. As at 30th June, 2025, the number of commercial customers of the Group reached 28,201, representing an increase of 5.9% as compared with 26,630 commercial customers as at 31st December, 2024.

The demand of gas by restaurants, schools and recreational facilities decreased in the first half of 2025. The gas consumption of commercial customers decreased by 4.7% to 80,246,000 m³ (2024: 84,245,000 m³) for the period under review. The average selling price of natural gas for commercial customers was adjusted downwards by 1.8% to RMB3.89 per m³ (2024: RMB3.96 per m³) when compared to the corresponding period last year.

Wholesale customers

The sales of gas to our wholesale customers for the period under review increased by 6.8% to HK\$1,619,685,000 from HK\$1,516,933,000 for the corresponding period last year. Revenue from sales of gas to wholesale customers expressed in RMB for the period under review, excluding the impact of HK\$ translation, further increased by 8.3%. The sales of gas to wholesale customers for the period under review contributed 28.8% of the total sales of gas of the Group (2024: 25.9%).

During the period under review, piped natural gas usage provided by the Group to its wholesale customers declined by 51.5% to 160,999,000 m³ (2024: 331,808,000 m³). The decline in volume of natural gas sold was offset by the increase in selling price. The average selling price of natural gas for wholesales customers for the period under review was adjusted upwards by 0.8% to RMB2.52 per m³ (2024: RMB2.50 per m³).

During the period under review, the LNG provided by the Group to its wholesale customers increased by 100.7% to 357,900,000 m³ (2024: 178,291,000 m³). The average selling price of LNG for wholesale customers for the period under review, which was affected by the decrease of international LNG price, was adjusted downwards by 1.6% to RMB3.03 per m³ (2024: RMB3.08 per m³).

Gas Pipeline Construction

Revenue from gas pipeline construction for the six months ended 30th June, 2025 amounted to HK\$380,049,000 (2024: HK\$580,215,000), representing a decrease of 34.5% over the corresponding period last year. Revenue from gas pipeline construction expressed in RMB for the period under review decreased by 33.6%. The further decrease in revenue from gas pipeline construction expressed in HK\$ was mainly due to the impact of the depreciation of RMB against HK\$ in the first half of 2025. Furthermore, given the impact brought by the fact that the real estate industry in the PRC was recorded poor performance, there was a decline in the revenue from gas pipeline construction.

Gas pipeline construction contributed 5.8% of the total turnover of the Group, as compared with 8.0% during the corresponding period last year. The following table set forth the breakdown of revenue from gas pipeline construction by customers.

Revenue from gas pipeline construction by customers

	For the six months ended 30th June,				
	2025 <i>HK\$'000</i>	% of total	2024 <i>HK\$'000</i>	% of total	Increase/ (Decrease)
Residential households	319,804	84.1%	511,051	88.1%	(37.4)%
Non-residential customers	60,245	15.9%	69,164	11.9%	(12.9)%
Total	<u>380,049</u>	<u>100%</u>	<u>580,215</u>	<u>100%</u>	<u>(34.5)%</u>

During the period under review, revenue from gas pipeline construction for residential households decreased by 37.4% to HK\$319,804,000 (2024: HK\$511,051,000). The drop was mainly attributable to the decrease in construction work for gas pipeline connection completed by the Group for residential households to 105,560 from 171,112 for the corresponding period last year. Such drop was offset by the increase in connection fee. The average connection fee increased to RMB2,790 in 2025 from RMB2,712 in 2024.

The gross profit margin for gas pipeline construction for the period under review remained relatively stable at 75.7% (2024: 74.7%).

The connection fee charged to industrial/commercial customers by the Group was significantly higher than that charged to residential households and was determined on a case-by-case basis. During the period under review, revenue from gas pipeline construction for non-residential customers decreased by 12.9% to HK\$60,245,000 from HK\$69,164,000 for the corresponding period last year. Revenue from gas pipeline construction for non-residential customers expressed in RMB for the period under review decreased by 11.6%. The further decrease in revenue from gas pipeline construction for non-residential customers expressed in HK\$ was mainly due to the impact of the depreciation of RMB against HK\$ in the first half of 2025.

As at 30th June, 2025, the Group's penetration rates of residential pipeline connection amounted to 71.5% (2024: 71.0%) (calculated by the accumulated number of the Group's connected residential households over the estimated aggregate number of connectable residential households in regions it operates in and expressed in percentages). In view of the favourable energy policies in the PRC, the Group aims to continuously increase its market coverage by acquisitions when suitable opportunities arise.

Smart Energy

Revenue from smart energy for the six months ended 30th June, 2025 amounted to HK\$332,361,000 (2024: HK\$548,680,000), representing a decrease of 39.4% over the corresponding period last year. Leveraging the huge market and customer base of its gas projects, the Group has been establishing an extensive network of new businesses in the PRC, including natural gas-fired distributed energy, photovoltaic power generation, incremental distribution network and charging stations. It seeks to comprehensively utilise energy with years of cumulative experience in market development and technical innovation, in an effort to provide customers with highly efficient integrated energy that addresses their needs for steam, heating, electricity and cooling. The smart energy business contributed 5.0% (2024: 7.6%) of the total turnover of the Group for the period under review. The Group will continuously explore the operation model of energy business, and promote the expansion of energy projects to meet the diversified energy demand of customers.

Value-added Services

Revenue from value-added services for the six months ended 30th June, 2025 amounted to HK\$151,416,000 (2024: HK\$169,567,000), representing a decrease of 10.7% over the corresponding period last year. Revenue from value-added services expressed in RMB for the period under review decreased by 9.4%. The further decrease in revenue from value-added services expressed in HK\$ was due to the impact of the depreciation of RMB against HK\$ in the first half of 2025. Revenue from value-added services contributed 2.3% of the total turnover of the Group, as compared with 2.3% during the corresponding period last year.

Since 2017, the Group placed greater efforts into value-added services such as sales of stoves and safe and reliable kitchenware, including gas water heaters, gas cooking appliances and wall-hang boilers under its own brand name, “Zhongyu Phoenix” (中裕鳳凰), to residential customers. The decrease in revenue of value-added services for the period under review was mainly due to decrease in the provision of pipe modification services and sales of bellows and alarm by 37.8% to HK\$39,958,000 from HK\$64,211,000 for the corresponding period last year. During the period under review, other than the provision of pipe modification services and sales of bellows and alarm, revenue from sales of stoves and provision of other related services expressed in RMB, increased by 7.3% as compared to the corresponding period last year. With the increasing number of connected residential customers and brand recognition developed in recent years, as well as the establishment of the online shopping platform “Zhongyu iFamille” (中裕i家), the independent supply platform, customer service platform and customer online community, the value-added services are expected to contribute stable revenue to the Group.

Sales of CNG/LNG in Vehicle Filling Stations

Revenue from operating CNG/LNG vehicle filling stations for the six months ended 30th June, 2025 amounted to HK\$91,996,000 (2024: HK\$96,078,000), representing a decrease of 4.2% compared to the corresponding period last year. Revenue from operating CNG/LNG vehicle filling stations expressed in RMB for the period under review decreased by 2.9%. The further decrease in revenue from operating CNG/LNG vehicle filling stations expressed in HK\$ was due to the impact of the depreciation of RMB against HK\$ in the first half of 2025. The unit of natural gas sold to vehicles increased by 6.2% to 24,728,000 m³ (2024: 23,278,000 m³) and the average selling price of natural gas for CNG/LNG vehicle filling stations decreased by 8.5% to RMB3.43 per m³ (2024: RMB3.75 per m³) for the period under review.

During the period under review, the turnover derived from operating CNG/LNG vehicle filling stations accounted for 1.4% (2024: 1.3%) of the total turnover of the Group. As at 30th June, 2025, the Group had 56 CNG/LNG vehicle filling stations and 7 CNG/LNG vehicle filling stations under construction in the PRC.

Gross profit margin

The overall gross profit margin for the six months ended 30th June, 2025 was 12.0% (2024: 14.0%). The decline in overall gross profit margin in current period was mainly due to the decrease of gross profit margin of sales of CNG/LNG in vehicle filling stations.

The gross profit margin for the sales of piped natural gas remained stable at 7.6% for the period under review (2024: 7.6%). The Group's energy trading business has been strengthened to secure stable gas supply from different sources and contracts have been signed with suppliers to secure more piped gas supply with lower average cost. The gross profit margin for gas pipeline construction remained stable at 75.7% for the period under review (2024: 74.7%). The gross profit margin of smart energy increased to 14.4% (2024: 10.2%) mainly because of the rapid development of the Group's comprehensive energy business in the first half of 2025 which provides multiple forms of energy such as steam, coldness, heat, electricity, hydrogen and photovoltaic in order to meet the diversified energy demand of customers. Such comprehensive energy business offers a range of smart energy product and services with varying gross profit margins. Additionally, the comprehensive energy business of the Group is gradually maturing, with the number of projects being put into operation increased year by year, the close relationship between city gas and smart energy business leads to continuous improvement in management and operation. The gross profit margin for value-added services increased to 88.2% (2024: 80.2%) mainly due to the increase in gross profit margin of sales of self-closing valve, bellows and alarm and newly introduced gas pipeline beautification service which carry a high gross profit margin. For the sales of CNG/LNG in vehicle filling stations, the gross profit margin was 1.1% (2024: 2.8%) as a result of the decline in average selling price outweighed the decline in average purchase cost of CNG/LNG sold in vehicle filling stations.

Other gains and losses

The Group recognised other net gains of HK\$123,142,000 during the period under review (2024: other net losses of HK\$57,746,000). The amount was mainly derived from net foreign exchange gain of HK\$126,756,000 (2024: net foreign exchange loss of HK\$57,176,000) mainly arising from the Group's bank borrowings denominated in US\$ and HK\$ as a result of the appreciation of RMB as at 30th June 2025.

Selling and distribution costs and administrative expenses

Selling and distribution costs decreased by 12.8% to HK\$104,445,000 for the period under review from HK\$119,746,000 for the corresponding period last year. The decrease was mainly attributable to the decrease in salaries arose from the declined valued-added services compared to the corresponding period last year. Administrative expenses increased by 6.9% to HK\$297,674,000 for the period under review from HK\$278,418,000 for the corresponding period last year. The increase was mainly attributable to the increase in professional fee and insurance expenses in the first half of 2025.

Finance costs

Finance costs decreased by 24.8% to HK\$208,493,000 for the six months ended 30th June, 2025 compared to HK\$277,435,000 for the corresponding period last year. The decrease was mainly attributable to decrement of effective interest rate.

Income tax expenses

For the six months ended 30th June, 2025, income tax expenses increased by 3.5% to HK\$152,427,000 (2024: HK\$147,339,000), mainly due to an increase in effective tax rate of the Group.

Profit attributable to owners of the Company

As a result of the above, profit attributable to owners of the Company was HK\$245,510,000 for the six months ended 30th June, 2025, representing an increase of 2.7% as compared with that of HK\$239,077,000 for the corresponding period last year.

Net profit margin

For the six months ended 30th June, 2025, the net profit margin, representing a ratio of profit attributable to owners of the Company to turnover, was 3.7% (2024: 3.3%).

Earnings per share

The basic and diluted earnings per share attributable to the owners of the Company were HK8.89 cents and HK8.89 cents respectively for the six months ended 30th June, 2025, as compared with that of HK8.57 cents and HK8.57 cents respectively for the corresponding period last year.

Net assets value per share

The net assets value per share attributable to the owners of the Company was HK\$2.77 as at 30th June, 2025, representing an increase of 4.1% as compared with that of HK\$2.66 as at 31st December, 2024.

PROSPECTS

In the first half of 2025, the pace of global economic recovery was forced to slow down significantly due to geopolitical risks, trade protectionism and divergent monetary policies, while the resilience of the domestic industry and economy was notably dragged by the bilateral tariff constraints between China and the U.S. and the sluggish recovery of the real estate sector. In response to the current challenges, the Group adhered to the working principle of “upholding pragmatism for all tasks” with a focus on its principal business of city gas, consolidated its core operations, expanded its smart energy business to overcome industry constraints, and withstood external risks through meticulous management. By anchoring its main development trajectory amidst uncertainties, the Group aims to achieve a coordinated advancement of operational quality and strategic transformation.

In the first half of the year, by implementing the production safety policy of “safety-first and prevention-focused comprehensive management” and adopting the bottom-line mindset of “one falls, all lost” as its action guideline, coupled with enhanced digitalized management, the Group once again recorded zero major or serious production safety accidents. Meanwhile, the Group significantly reduced its cost of debt through adjustments to its capital structure in the first half of the year, laying a solid foundation for the Group’s high-quality development. In the second half of the year, the Group will continue to focus on stable operations by stepping up its efforts in rectification of major hidden hazards and enhancing its emergency response capabilities, so as to ensure the overall stability and safety of the Group’s production. Concurrently, we will continue to optimize financing costs, ensuring the sound and sustainable development of the Group.

As the core segment contributing to the Group’s performance, the city gas business achieved stable operation in general through further improvement in gas supply structure and optimization of customer service mechanism in the first half of the year. Moreover, new breakthroughs were made in international LNG trading and value-added gas pipeline beautification services business. In the second half of the year, the Group will further promote business innovation, explore new ideas for the development of commercial and agricultural projects, and continue to accumulate high-quality customers. In terms of value-added business, the Group will continue to focus on the newly added gas pipeline beautification services and insurance businesses, and explore new opportunities in the external market by leveraging its own kitchen appliance sub-brand. In terms of energy trading, the Group has successfully developed the international LNG trading channels and will continue to explore new opportunities, and explore collaboration possibilities with more international business partners to further enhance its comprehensive market competitiveness.

In terms of the smart energy business, in the first half of the year, the Group effectively implemented its transformation and development strategy focusing on the utilization of biomass energy with the integration of photovoltaic power, wind power, heat pumps, energy storage and waste heat. It also directed its efforts across multiple dimensions, including project development, raw material collection and storage, equipment manufacturing and technological upgrade, so as to promote the Group’s high-quality transformation and development. In the second half of the year, pursuant to the “Notice on the Construction of Zero-Carbon Industrial Parks” (《關於開展零碳園區建設的通知》) issued by state ministries and commissions, the Group will provide solutions that integrate biomass and multi-energy coupling to meet the demand for the construction of zero-carbon industrial parks across various regions and assist corporate clients to achieve green and low-cost energy use, thereby contributing to the green development of the society. In addition, the Group will try to explore carbon asset management, aiming to secure “key leverages” in the carbon trading market and further enhance asset values under the trend of low-carbon consumption.

In terms of informatization, in the first half of the year, the Group continued to push forward the development of digital systems and progressively improved multiple system platforms, including smart connected network, financial sharing, safety management and intelligent inspection, thereby integrating information technology with the actual business operation to significantly boost its management efficiency. In the second half of the year, the Group will focus on upgrading and restructuring its core business application systems and drive digital and intelligent transformation of the enterprise through the empowerment of artificial intelligence (“AI”) technology in a bid to elevate the efficiency of decision-making and the effectiveness of management.

In terms of environmental, social and governance (ESG), the Group will explore its corporate values from multiple aspects, including business development, regulatory requirements and investor concerns. Stepping up its efforts in identifying ESG governance risks, it is committed to clearing obstacles for capturing long-term opportunities in respect of low-carbon transformation, social-responsibility related premiums and governance optimization. Furthermore, based on its own transformation needs and development progress, the Group will promote green finance cooperation and enhance precise alignment of funding with low-carbon projects. ESG management and training for directors will be strengthened to translate the ESG concepts from “compliance requirements” into shared consensus and proactive actions across the Group.

Looking ahead, the Group will adhere to its business strategy of “integrated development with dual-wheel drive” to safeguard its steady development amidst a complex and volatile market landscape. The Group will enhance efficiency through organizational optimization, reduce costs and improve efficiency through meticulous management, empower development through digital transformation and navigate economic cycles with stronger resilience, ultimately achieving long-term and sustainable development of the enterprise.

DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at 30th June, 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Listing Rules were as follows:

Long positions in the shares/underlying shares of the Company

Name of Directors	Notes	Number of shares and/or underlying shares	Type of interests	Approximate shareholding interest as disclosed under the SFO (Note 8)
Mr. Wang Wenliang	1	800,225,206	Beneficial/Interest in controlled corporation/Interest of spouse	29.12%
Mr. Yiu Chi Shing	2	188,000,000	Interest in controlled corporation	6.84%
Mr. Lui Siu Keung	3	19,002,179	Beneficial	0.69%
Mr. Jia Kun	4	7,055,031	Beneficial	0.26%
Mr. Peng Jun	5	396,000	Beneficial	0.01%
Mr. Li Chunyan	6	1,510,761	Beneficial	0.05%
Ms. Liu Yu Jie	7	502,900	Beneficial	0.02%

Notes:

1. Among these shares and/or underlying shares, 767,962,289 shares were held by Hezhong Investment Holding Company Limited (“Hezhong”). Mr. Wang Wenliang was beneficially interested in 51% of the issued share capital of Hezhong. The remaining 21,324,616 shares and 10,938,301 shares were directly held by Mr. Wang Wenliang and his spouse, Ms. Feng Haiyan, respectively.
2. These shares were held by Fundway International Investment Limited (“Fundway”). Mr. Yiu Chi Shing was beneficially interested in 100% of the issued share capital of Fundway.
3. These comprise 11,458,679 shares directly held by Mr. Lui Siu Keung and 7,543,500 underlying shares issuable upon exercise of the rights attaching to the 7,543,500 share options at an exercise price of HK\$5.468 per share granted under the Second Share Option Scheme.
4. These shares were directly held by Mr. Jia Kun.
5. These shares were directly held by Mr. Peng Jun.
6. These comprise 1,007,861 shares directly held by Mr. Li Chunyan and 502,900 underlying shares issuable upon exercise of the rights attaching to the 502,900 share options at an exercise price of HK\$5.468 per share granted under the Second Share Option Scheme.
7. These represent underlying shares issuable upon exercise of the rights attaching to the 502,900 share options at an exercise price of HK\$5.468 per share granted under the Second Share Option Scheme.
8. As at 30th June, 2025, the total number of issued shares of the Company was 2,748,305,157.

Save as disclosed above, as at 30th June, 2025, none of the Directors and chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial shareholders of the Company

So far as is known to the Directors, as at 30th June, 2025, the following entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company

Name of shareholder	Notes	Type of interests	Number of shares	Approximate shareholding interest as disclosed under the SFO (Note 5)
China Gas Holdings Limited	1	Interest of controlled corporation	1,030,402,000	37.49%
Hezhong	2	Beneficial	767,962,289	27.94%
Ms. Feng Haiyan	3	Beneficial/Interest of controlled corporation/Interest of spouse	800,225,206	29.12%
Fundway	4	Beneficial	188,000,000	6.84%

Notes:

1. According to the disclosure of interests filings as shown in the website of the Stock Exchange as at 30th June, 2025, China Gas Holdings Limited held these shares through Rich Legend International Limited (“Rich Legend”), its wholly-owned subsidiary, and is therefore deemed to be interested in the 1,030,402,000 shares held by Rich Legend.
2. Hezhong was beneficially interested in 767,962,289 shares. Mr. Wang Wenliang and Ms. Feng Haiyan were beneficially interested in 51% and 49% of the issued share capital of Hezhong, respectively .
3. Ms. Feng Haiyan, being the spouse of Mr. Wang Wenliang, directly held 10,938,301 shares and was deemed to be interested in 767,962,289 shares held by Hezhong and 21,324,616 shares directly held by Mr. Wang Wenliang under the SFO.
4. Fundway was beneficially interested in 188,000,000 shares. Mr. Yiu Chi Shing was beneficially interested in 100% of the issued share capital of Fundway.
5. As at 30th June, 2025, the total number of issued shares of the Company was 2,748,305,157.

Save as disclosed above, as at 30th June 2025, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Part 2 of Appendix C1 of the Listing Rules. During the period under review, the Company has complied with all the applicable code provisions under the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted and complied with the Model Code as set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, they have all confirmed their compliance with the required standard of dealings and the Model Code regarding securities transactions by Directors adopted by the Company during the six months ended 30th June, 2025.

AUDIT COMMITTEE

The Company’s Audit Committee, comprising Mr. Li Chunyan, Dr. Key Ke Liu and Ms. Liu Yu Jie, all being the independent non-executive Directors, has reviewed with the Company’s management the accounting principles and practices adopted by the Group and financial reporting matters including a review of the unaudited consolidated results of the Group for the six months ended 30th June, 2025. There were no disagreements within the Audit Committee in relation to the accounting treatment adopted by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period ended 30th June, 2025, the Company repurchased on the Stock Exchange a total of 29,390,000 shares of the Company at a total consideration of HK\$126,103,560. The repurchase of the Company's shares was made for the benefit of the shareholders with a view to enhancing the net asset value per share and earnings per share of the Company. Such repurchased shares were cancelled on 19th March, 2025 and 20th June, 2025. Details of the share repurchases are summarized as follows:

Month of repurchase	Total number of shares repurchased	Repurchased price per share		Aggregate consideration (HK\$)
		Lowest (HK\$)	Highest (HK\$)	
January 2025	5,900,000	4.33	4.56	26,326,290
March 2025	1,500,000	4.14	4.29	6,363,790
April 2025	19,990,000	3.95	4.46	84,790,940
May 2025	2,000,000	4.28	4.34	8,622,540

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the six months ended 30th June, 2025.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises of Mr. Wang Wenliang (Chairman), Mr. Yiu Chi Shing (Vice Chairman), Mr. Lui Siu Keung (Chief Executive Officer), Mr. Jia Kun (Executive President), Mr. Peng Jun and Mr. Wang Jichao as the executive Directors and Mr. Li Chunyan, Dr. Key Ke Liu and Ms. Liu Yu Jie, as the independent non-executive Directors.

By Order of the Board
ZHONGYU ENERGY HOLDINGS LIMITED
Wang Wenliang
Chairman

Hong Kong, 22nd August, 2025