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KUNLUN ENERGY COMPANY LIMITED
(incorporated in Bermuda with limited liability)

昆 侖 能 源 有 限 公 司

(Stock Code: 00135.HK)

ANNOUNCEMENT OF RESULTS

HIGHLIGHTS OF THE FINANCIAL RESULTS OF THE GROUP

	Six months ended 30 June		
	2025	2024	Change %
Total volume of Natural Gas Sales (million cubic metres)	29,095	26,438	10.05
Retail Gas Sales (million cubic metres)	16,666	16,302	2.23
	RMB'million	RMB'million	
Revenue	97,543	92,922	4.97
Profit before income tax expense	6,737	7,249	(7.06)
Profit for the period attributable to shareholders of the Company	3,161	3,305	(4.36)
EBITDA (note 1)	9,523	9,915	(3.95)
	RMB'cent	RMB'cent	
Earnings per share (Basic)	36.51	38.17	(4.35)
Dividend per share – Interim	16.60	16.41	1.16

Note:

- 1 EBITDA is defined as profit before income tax expense, excluding interest and depreciation, depletion and amortisation.

The directors (the “Directors”) of Kunlun Energy Company Limited (the “Company”) announce that the unaudited consolidated interim results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2025 (the “Period”) are as follows:

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Six months ended 30 June	
		2025	2024
		<i>RMB'million</i>	<i>RMB'million</i>
Revenue	3	97,543	92,922
Other gains, net		381	746
Interest income		337	499
Purchases, services and others		(84,778)	(79,752)
Employee compensation costs		(2,850)	(3,169)
Depreciation, depletion and amortisation		(2,800)	(2,754)
Other selling, general and administrative expenses		(1,121)	(1,230)
Taxes other than income taxes		(216)	(239)
Interest expenses	4	(323)	(411)
Share of profits less losses of:			
– Associates		294	335
– Joint ventures		270	302
		<hr/>	<hr/>
Profit before income tax expense	5	6,737	7,249
Income tax expense	6	(1,735)	(1,929)
		<hr/>	<hr/>
Profit for the Period		5,002	5,320
		<hr/>	<hr/>
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
– Fair value gains/(losses) on other financial assets (non-recycling), net of tax		19	(103)
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements, net of nil tax, of:			
– Subsidiaries		9	(22)
– Associates		(54)	27
– Joint ventures		(6)	9
		<hr/>	<hr/>
Other comprehensive loss for the Period		(32)	(89)
		<hr/>	<hr/>
Total comprehensive income for the Period		4,970	5,231
		<hr/>	<hr/>

**UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)**

		Six months ended 30 June	
		2025	2024
<i>Note</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Profit for the Period attributable to:			
– Shareholders of the Company		3,161	3,305
– Non-controlling interests		1,841	2,015
		<u>5,002</u>	<u>5,320</u>
Total comprehensive income for the Period attributable to:			
– Shareholders of the Company		3,145	3,218
– Non-controlling interests		1,825	2,013
		<u>4,970</u>	<u>5,231</u>
Basic and diluted earnings per share for profit attributable to shareholders of the Company (RMB cent)			
7		<u>36.51</u>	<u>38.17</u>

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		30 June 2025	31 December 2024
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i>
Assets			
Non-current assets			
Property, plant and equipment		65,142	66,797
Investments in associates		8,273	8,567
Investments in joint ventures		6,285	6,157
Intangible assets		1,480	1,526
Financial assets at fair value through other comprehensive income		290	264
Other non-current assets		1,696	1,680
Deferred tax assets		1,210	1,162
		<u>84,376</u>	<u>86,153</u>
Current assets			
Inventories		1,202	1,131
Accounts receivable	9	3,404	2,544
Prepayments and other current assets		8,968	8,470
Time deposits with maturities over three months		13,396	17,265
Cash and cash equivalents		29,479	27,827
		<u>56,449</u>	<u>57,237</u>
Total assets		<u>140,825</u>	<u>143,390</u>
Equity			
Capital and reserves attributable to shareholders of the Company			
Share capital		71	71
Retained earnings		33,939	32,297
Other reserves		32,978	32,781
		<u>66,988</u>	<u>65,149</u>
Non-controlling interests		<u>24,080</u>	<u>23,686</u>
Total equity		<u>91,068</u>	<u>88,835</u>

**UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

		30 June 2025	31 December 2024
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	24,358	25,224
Income tax payable		587	544
Other taxes payable		337	517
Short-term borrowings		4,243	9,133
Lease liabilities		275	258
		<u>29,800</u>	<u>35,676</u>
Non-current liabilities			
Long-term borrowings		15,427	14,329
Deferred tax liabilities		2,066	2,011
Lease liabilities		480	559
Other liabilities		1,984	1,980
		<u>19,957</u>	<u>18,879</u>
Total liabilities		<u>49,757</u>	<u>54,555</u>
Total equity and liabilities		<u>140,825</u>	<u>143,390</u>
Net current assets		<u>26,649</u>	<u>21,561</u>
Total assets less current liabilities		<u>111,025</u>	<u>107,714</u>

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2025

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated interim financial information set out in this announcement does not constitute the unaudited interim financial report of Kunlun Energy Company Limited (the “Company”) and its subsidiaries (together, the “Group”) for the six months ended 30 June 2025 (the “Period”) but is extracted from that unaudited interim financial report which has 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, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 19 August 2025.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

Changes in accounting policies

The Group has applied the following amendments for the first time from 1 January 2025:

- The effects of changes in foreign exchange rates – Lack of exchangeability – Amendments to HKAS 21;

The above did not have any significant impact on the Group’s accounting policies and did not require retrospective adjustments.

Impact of standards issued but not yet applied by the Group

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is determined by the Group’s most senior management and Executive Directors of the Company.

The Group organises its business around products and services. In respect of products and services perspective, the Group is engaged in a broad range of oil and gas related activities and derives its revenue from its four operating segments: Natural Gas Sales, Sales of LPG, LNG Processing and Terminal, and Exploration and Production.

The Natural Gas Sales segment is engaged in the retail sales, distribution and trading of various natural gas products. The Sales of LPG segment is engaged in the wholesale and retail sales of LPG products. LNG Processing and Terminal segment is engaged in the processing, unloading, storing, gasification and entrucking of LNG. The Exploration and Production segment is engaged in the exploration, development, production and sales of crude oil and natural gas.

The Group’s most senior management and Executive Directors assess the performance of the operating segments (“segment results”) based on each segment’s profit/(loss) before income tax expense, share of profits less losses of associates and joint ventures.

Segment assets exclude deferred and current taxes, other financial assets, investments in associates and joint ventures.

Corporate segment results mainly refer to interest income earned from cash and cash equivalents, net exchange gains/ (losses), general and administrative expenses and interest expenses incurred at corporate level.

Corporate assets mainly comprise cash and cash equivalents held at corporate level.

The segment information for the reportable segments for the Period and the same period of 2024 is as follows:

	Natural Gas Sales <i>RMB'million</i>	Sales of LPG <i>RMB'million</i>	LNG Processing and Terminal <i>RMB'million</i>	Exploration and Production <i>RMB'million</i>	Corporate <i>RMB'million</i>	Inter-company adjustment <i>RMB'million</i>	Total <i>RMB'million</i>
For the six months ended 30 June 2025							
Gross revenue	80,971	13,110	5,109	74	-	-	99,264
Less: Inter-company adjustment	(893)	(90)	(738)	-	-	-	(1,721)
Revenue from external customers	80,078	13,020	4,371	74	-	-	97,543
Segment results	3,974	538	1,835	18	(192)	-	6,173
Share of profits less losses of:							
– Associates	262	6	1	25	-	-	294
– Joint ventures	241	-	-	18	11	-	270
Profit/(loss) before income tax expense	4,477	544	1,836	61	(181)	-	6,737
Segment results included:							
– Interest income	258	-	73	4	206	(204)	337
– Depreciation, depletion and amortisation	(1,939)	(49)	(783)	(13)	(16)	-	(2,800)
– Interest expenses	(335)	(1)	(99)	-	(92)	204	(323)
– Net exchange losses	(12)	-	-	(2)	(22)	-	(36)
As at 30 June 2025							
Segment assets	82,824	5,829	18,512	1,061	16,541	-	124,767
Investments in associates	7,239	499	130	405	-	-	8,273
Investments in joint ventures	4,918	-	-	1,367	-	-	6,285
Additions to non-current segment assets during the Period	723	-	525	27	1	-	1,276
Additions to non-current segment assets through acquisition of subsidiaries during the Period	108	-	-	-	-	-	108

	Natural Gas Sales RMB'million	Sales of LPG RMB'million	LNG Processing and Terminal RMB'million	Exploration and Production RMB'million	Corporate RMB'million	Inter-company adjustment RMB'million	Total RMB'million
For the six months ended 30 June 2024							
Gross revenue	76,660	12,932	5,662	88	–	–	95,342
Less: Inter-company adjustment	(1,154)	(45)	(1,221)	–	–	–	(2,420)
Revenue from external customers	75,506	12,887	4,441	88	–	–	92,922
Segment results	4,545	563	1,640	14	(150)	–	6,612
Share of profits less losses of:							
– Associates	226	(2)	8	103	–	–	335
– Joint ventures	234	–	–	57	11	–	302
Profit/(loss) before income tax expense	5,005	561	1,648	174	(139)	–	7,249
Segment results included:							
– Interest income	320	–	79	11	326	(237)	499
– Depreciation, depletion and amortisation	(1,910)	(47)	(741)	(35)	(21)	–	(2,754)
– Interest expenses	(336)	(2)	(202)	–	(108)	237	(411)
– Net exchange gains/(losses)	6	–	–	(2)	(69)	–	(65)
As at 31 December 2024							
Segment assets	83,636	5,894	18,151	1,051	18,504	–	127,236
Investments in associates	7,496	56	568	447	–	–	8,567
Investments in joint ventures	4,802	–	–	1,355	–	–	6,157
Additions to non-current segment assets during the period	751	18	137	21	1	–	928

Neither the Group's revenue is derived from nor the Group's non-current assets are located in the place of domicile of the Company.

For the Period and the same period of 2024, there was no single customer to whom the revenue is attributable exceeded 10% of the Group's revenue.

3 REVENUE

Revenue mainly represents revenue from sales of natural gas, sales of LPG, LNG processing and terminal business and sales of crude oil.

4 INTEREST EXPENSES

	Six months ended 30 June	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Interest expenses	339	426
Less: amounts capitalised	(16)	(15)
	<hr/>	<hr/>
Total interest expenses	<u>323</u>	<u>411</u>

Amounts capitalised are borrowing costs that are attributable to the construction of qualifying assets. The average interest rate used to capitalise such borrowing costs was 3.13% per annum for the Period (the same period of 2024: 3.40%).

5 PROFIT BEFORE INCOME TAX EXPENSE

Items charged in arriving at the profit before income tax expense include:

	Six months ended 30 June	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Amortisation of intangible assets	40	42
Depreciation and depletion of		
– owned property, plant and equipment	2,495	2,447
– right-of-use assets	265	265
Cost of inventories recognised as expense	84,816	79,793
(Reversal of)/impairment loss on accounts receivable	(29)	51
	<hr/>	<hr/>
	<u></u>	<u></u>

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2025 <i>RMB million</i>	2024 <i>RMB million</i>
Current tax		
– PRC	1,728	1,847
– Overseas	11	19
	<hr/>	<hr/>
	1,739	1,866
Deferred tax	(4)	63
	<hr/>	<hr/>
	1,735	1,929
	<hr/>	<hr/>

In accordance with the relevant Mainland China income tax rules and regulations, the Mainland China corporate income tax rate applicable to the Group's subsidiaries in the Mainland China is principally 25% (the same period of 2024: 25%). The operations of the Group in certain regions in the Mainland China are qualified for certain tax incentives in the form of preferential income tax rates ranging from 15% to 20% (the same period of 2024: 15% to 20%).

Hong Kong profits tax has not been provided for as the Group has no assessable profits subject to Hong Kong profits tax for the Period (the same period of 2024: Nil).

Income tax on overseas profits has been calculated on the relevant estimated assessable profits for the Period at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

7 BASIC AND DILUTED EARNINGS PER SHARE

- (a) The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of approximately RMB3,161 million (the same period of 2024: RMB3,305 million), and weighted average number of ordinary shares in issue during the Period of approximately 8,659 million shares (the same period of 2024: 8,659 million shares).
- (b) Diluted earnings per share for the Period and the same period of 2024 are the same as the basic earning per share as there were no potentially dilutive ordinary shares issued.

8 DIVIDENDS

- (a) Final dividend attributable to shareholders of the Company in respect of 2023 of RMB28.38 cents per share, amounting to a total of approximately RMB2,457 million, were approved by the shareholders in the Annual General Meeting on 30 May 2024. The amount is based on approximately 8,659 million shares in issue as at 25 March 2024, which was paid on 18 July 2024.

With reference to the Company's announcement dated 30 May 2024, shareholders were given an option to receive the dividend either in RMB or in HKD.

- (b) Final dividend attributable to shareholders of the Company in respect of 2024 of RMB15.17 cents per share, amounting to a total of approximately RMB1,314 million, was approved by the shareholders in the Annual General Meeting on 29 May 2025. The amount is based on approximately 8,659 million shares in issue as at 25 March 2025 which was paid on 18 July 2025.

With reference to the Company's announcement dated 29 May 2025, shareholders were given an option to receive the dividend either in RMB or in HKD.

- (c) At the meeting on 19 August 2025, the Board of Directors has declared a payment of an interim dividend attributable to shareholders of the Company for the Period of RMB16.60 cents per share, amounting to a total of approximately RMB1,437 million (the same period of 2024: RMB16.41 cents per share, amounting to a total of approximately RMB1,421 million). The amount is based on approximately 8,659 million shares in issue as at 19 August 2025.

9 ACCOUNTS RECEIVABLE

As of the end of the reporting period, the ageing analysis of accounts receivable, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 <i>RMB million</i>	31 December 2024 <i>RMB million</i>
Within 3 months	1,834	1,713
Between 3 to 6 months	705	58
Between 6 to 12 months	333	252
Over 12 months	532	521
	3,404	2,544

The Group's revenue from the rendering of terminal services and sales of crude oil is generally collectable within a period ranging from 30 to 90 days from the invoice date while the sales of natural gas are made in cash or on credit terms no more than 90 days.

10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	30 June 2025 <i>RMB million</i>	31 December 2024 <i>RMB million</i>
Accounts payable	3,197	3,106
Contract liabilities	10,671	12,690
Salaries and welfare payable	852	326
Accrued expenses	230	22
Dividends payable	1,505	158
Interest payable	154	137
Construction fee and equipment cost payables	4,611	5,541
Amounts due to related parties	2	2
Other payables	3,136	3,242
	<hr/> 24,358	<hr/> 25,224

As of the end of the reporting period, the ageing analysis of accounts payable, based on the invoice date, is as follows:

	30 June 2025 <i>RMB million</i>	31 December 2024 <i>RMB million</i>
Within 3 months	2,575	2,576
Between 3 to 6 months	251	116
Over 6 months	371	414
	<hr/> 3,197	<hr/> 3,106

CHAIRMAN'S STATEMENT

Respected shareholders:

In the first half of the year, the Group recorded a natural gas sales volume of 29,095 million cubic metres, representing a year-on-year increase of 2,657 million cubic metres or 10.05%. The Group recorded a revenue of RMB97,543 million, representing a year-on-year increase of RMB4,621 million or 4.97%; the profit before income tax was RMB6,737 million, representing a year-on-year decrease of RMB512 million or 7.06%; and the profit attributable to shareholders of the Company was RMB3,161 million, representing a year-on-year decrease of RMB144 million or 4.36%. Earnings per share (basic) was RMB36.51 cents.

BUSINESS REVIEW

In the first half of 2025, the global landscape of gas trade experienced substantial adjustments. A year-on-year increase in price was seen in all three major international markets, and structural shifts were witnessed in the flow of regional trade. Domestic supply grew steadily, while LNG imports declined year-on-year. Given the higher temperatures recorded in last winter and this spring, as well as adjustments in the industry's consumption structure, the growth of domestic natural gas consumption was under temporary pressure, thus resulting in a shift in the structure of demand and intensifying the competition in the end-market. In general, the domestic supply and demand of natural gas remained relaxed in the first half of the year, with the apparent consumption declining slightly year-on-year.

With the extremely complex and volatile macroeconomic and industry landscape, we took challenges directly, identified and adapted to changes, addressed difficulties and persisted in expanding business scale, increasing the number of users, optimizing the structure and controlling the costs. We further advanced the modernization of marketing activities and corporate governance, actively optimized resource allocations, developed existing markets and capitalized on opportunities for business development. All these efforts combined to enable stable and controlled production operations, steady improvement in operating performance and remarkable profitability.

Our primary business continued to progress with improved quality and our core competitiveness was strengthened continuously. We kept on focusing on the development of our core urban gas business, maintaining steady growth in the terminal market. Total users exceeded 16.853 million, and total natural gas sales reached 29.095 billion cubic meters, representing a year-on-year increase of 10.05%, further solidifying its leading position in the industry. Synergies within the LNG industry chain were fully realized, with LNG entrucking volume increasing by 75.5% year-on-year. The entire maintenance cycle at LNG plants was shortened by 25% and the profit before taxation was RMB140 million, marking a record high for the same period. The sales structure of LPG continued to optimize, with direct industrial sales increasing by 8.9% year-on-year. The total revenue of the Company reached RMB97.54 billion, representing a year-on-year increase of 4.97%, and the net profit attributable to the parent company was RMB3.16 billion. Free cash flow was strong, reaching RMB3.06 billion, and the sufficient net cash on hand enabled long-term value growth accordingly.

Considerable progress was made in strategic and digital projects, thus solidifying the foundation for high-quality development continuously. The construction of essential infrastructure was progressing significantly, and core functions were steadily enhanced also. The Fujian LNG terminal pioneered a LNG wall construction method within China, and the Donggang (東港) undersea tunnel was fully opened. Over 50% of the Phase III ancillary controlling project of the construction for the Jiangsu LNG terminal was completed. It is expected that an additional 6.25 million tonnes per year of loading and unloading capacity will be added by 2029. The Dongjiakou LPG storage facility commenced operations, and the storage facility project of Jiangsu Yancheng LPG import terminal was approved preliminarily. Digital transformation was steadily progressing through actively supporting the “Digital China Petroleum” initiative. The Kunlun ERP system was rolled out, and information enhancement projects, namely the production and operations platforms and the smart Internet of Things, were well on track. The AI-powered video surveillance system was fully implemented in high-risk zones, thereby achieving remarkable results in the promotion of safety through technology. The “Kunlun Huixiang +” was integrated into the Yunmengze platform, resulting in a 18% year-on-year increase in the online sales of value-added services.

Breakthroughs were made in multi-energy integration and accelerated development of emerging sectors was witnessed. Striving for new initiatives and green development, we broadened the room for further growth with the new momentum of transformation and development. In the first half of the year, we secured a clean energy quota of 25,000 kilowatts, commissioned and secured equity interests in 16 natural gas power generation projects and added an installed capacity of 185,000 kilowatts of gas and electricity power generation, bringing its total installed capacity to 11.091 million kilowatts. Two pressure differential power generation projects were successfully connected to the grid, acting as the demonstration of the first batch of zero-carbon stations. A total of 88 distributed photovoltaic projects were completed, with an installed capacity of 16,000 kilowatts and a power generation capacity of 8.771 million kilowatt-hours. The business registration of the Chongqing Tongliang Distributed Energy Project, the Company's first integrated energy demonstration project with controlling interests, was completed. Ten integrated energy projects were also put into operation, with an installed capacity of 521,000 kilowatts and a thermal output of 3.111 million GJ. The development of our offshore LNG refuelling business was accelerated with the regular bonded services implemented in Shenzhen, Zhoushan and Hong Kong, and refuelling volume increased by 108% year-on-year.

We further integrated ESG concepts into our corporate governance, earning a widespread recognition for the brand image. We remained committed to becoming a clean energy provider, an excellent value creator and a practitioner of high-quality development, and also stepped up the efforts to enhance its corporate governance according to law and compliance management and the market-oriented operating and incentive mechanisms became increasingly refined as a result. We were awarded an “Excellent” rating in the “Double Hundred Action” reform assessment by the State-owned Assets Supervision and Administration Commission of the State Council, and continuously promoted lean management and adhered to a low-cost strategy. We kept strengthening our risk management, speeded up the specific rectification of urban gas pipelines and the three-year action plan to address the underlying causes of production safety and facilitated the upgrading of QHSE quality and efficiency, thus earning an established brand image of safety in the industry. Our performance in ESG improved significantly, with the MSCI rating upgrading to A and Wind's rating to AA. The Company also promoted biodiversity conservation in an innovative manner, with the “Wenfeng Egret Habitat” self-contributing biodiversity conservation zone in Hainan being selected as an outstanding ESG model by the Ministry of Ecology and Environment.

We have been committed to creating long-term value for shareholders and have implemented a prudent dividend policy. Accordingly, we are pleased to declare an interim dividend of RMB16.60 cents per share, representing a year-on-year increase of 1.16% and a payout ratio of 45.47%.

The operating results in the first half of the year were truly remarkable, marking our solid step toward our target of high-quality development, while even better prospects for sustainable growth in the future are well expected.

OPERATING RESULTS

Natural gas sales business

The Company actively responded to any changes in the development of gas industry, launched extensive joint ventures and cooperation with other gas enterprises, continuously implemented new city gas projects and broadened the scope for the Company's long-term development. In the first half of the year, 5 new city gas projects were added, located in Inner Mongolia, Shandong and Guizhou provinces. The sales volume of natural gas was 29,095 million cubic metres, representing a year-on-year increase of 10.05%, among which the retail gas sales volume was 16,666 million cubic metres, representing a year-on-year increase of 2.23%. The number of new users amounted to 398,800, which included 389,800 residential users and 9,000 industrial and commercial users. The cumulative number of users reached 16.8526 million.

In the first half of the year, the Natural Gas Sales business recorded a revenue of RMB80,078 million, representing a year-on-year increase of 6.06%. Profit before income tax was RMB4,477 million, representing a year-on-year decrease of 10.55%.

Sales of LPG business

The Company has optimised resource allocation, maintained a reasonable supply-demand balance in the resource-rich Northeast and Northwest regions, and disposed surplus resources to maintain overall prices at a high level. It has promoted "molecular sales" that precisely match products to user needs, strictly controlled procurement costs, strengthened price benchmarking, and expanded the scale of competitive bidding sales and online sales. Despite a year-on-year decline in market prices, the Company has maintained reasonable profits. The Company has also optimised its sales structure, vigorously expanded LPG industrial direct supply channels, and added 5 new industrial direct supply customers.

In the first half of the year, LPG sales volume was 3.0684 million tonnes, representing a year-on-year increase of 4.87%. This business recorded a revenue of RMB13,020 million, representing a year-on-year increase of 1.03%. Profit before income tax was RMB544 million, representing a year-on-year decrease of 3.03%.

LNG processing and terminal business

The Company continued to strive for professional development, market-oriented operation, and refined management as well as integrated planning, continuously improving the overall efficiency of LNG processing and terminal business, and achieved safe and stable operation of terminals business. The Company vigorously implemented specific actions to control losses in LNG plants and achieved tangible results, with its profit base further strengthened.

In the first half of the year, the LNG gasification and entrucking volume of Jingtang and Jiangsu LNG terminals amounted to 7,899 million cubic metres in total, representing a year-on-year increase of 1.66%. The average capacity of these two terminals recorded a year-on-year increase of 1.4 percentage points. The average production capacity of 14 processing plants under continuous operation was 57.1%, which maintained a relatively stable and high production capacity in operation; the sales volume of self-operation reached 417 million cubic metres, and the commissioned processing volume amounted to 1,335 million cubic metres, representing a year-on-year decrease of 10.52% and increase of 2.14%, respectively.

In the first half of the year, the LNG Processing and Terminal business recorded a revenue of RMB4,371 million, representing a year-on-year decrease of 1.58%. Profit before income tax was RMB1,836 million, representing a year-on-year increase of 11.41%.

Exploration and production business

In the first half of the year, the sales volume of crude oil of the Group was 4.12 million barrels, representing an increase of 0.08 million barrels or 1.98% as compared with the same period last year. Driven by the decline of international crude oil price, the average crude oil selling price of the Group slightly decreased to US\$62.88/barrel from US\$67.77/barrel last year. The sales revenue of crude oil was RMB74 million, representing a year-on-year decrease of 15.91%. Profit before income tax was RMB61 million, representing a year-on-year decrease of 64.94%.

BUSINESS OUTLOOK

In the second half of 2025, the growth of the global economy will be under pressure arising from multiple factors, including supply chain fragility. The demand of the global natural gas market is expected to grow slowly in the second half of the year. The economy in China is at a critical point where structural adjustments act against industrial upgrading, whereas the transition to green and low-carbon energy is accelerating. Opportunities and challenges do coexist. Nevertheless, with a solid foundation, multiple advantages, strong resilience and enormous potential, the long-term positive and beneficial conditions and fundamental trends remain unchanged. With the ongoing implementation of macroeconomic policies to “combat involution”, expand domestic demand and stabilize growth, coupled with the security of energy resources and the reshaping of a new energy consumption system, the bridging and supporting role of natural gas will continue to be prominent. The enhanced supervision on urban gas safety, the integration of gas and new energy development, the progressing price linkage and the improvement of the provincial pipeline pricing mechanism will improve the quality and efficiency of the industry, thereby unlocking greater potential for further growth.

At the crucial point at the closing of the “14th Five-Year Plan” and the starting of the “15th Five-Year Plan”, we remain confident in its targeted annual results and future development, and will leverage every single policy opportunity to adapt to the transformation trend and to address external uncertainties with its strategic focus and certainty regarding high-quality development. We will firmly uphold the principles of “focusing on innovation means focusing on development, pursuing innovation means pursuing the future”, “always considering the market to be the main theme of development” and “strict management leads to efficiency, meticulous management leads to significant efficiency and lean management leads to even greater efficiency”. Leveraging the advantages in upstream and downstream collaboration, the integrated supply chains, the professional management and the extensive network locations, we will strengthen our management, drive innovative development, accelerate transformation and maintain the momentum of a greener industry, safer operations, more refined management and more efficient governance, thus taking the lead to reward shareholders with more stable performance. During the period of the “15th Five-Year Plan”, we will continue to facilitate the steady development of its terminal gas business, enhance its efficiency and safe operations in digital and intelligent aspects, optimize the business arrangement, accelerate the development of an “ecosystem” featuring the comprehensive energy supply of gas, electricity, cooling and heat, develop and strengthen new productivity with high-quality and actively build a green and integrated energy supply system.

In the second half of the year, we will relentlessly strive in the following five aspects:

Strive to optimize and expand our urban gas business. We will endeavour to strike a balance between the rational growth of terminal sales and the effective improvement of quality, so as to achieve greater efficiency and benefits, and will continuously optimize the sales structure, allocate resources to regions and industries with higher profit margin, strengthen the full-cycle accounting of costs, maintain steady improvement in customer satisfaction and facilitate higher price spreads in the terminal business. We will also focus on industrial parks and integrated urban gas projects for targeted development, striving to put 10 new projects into production and consolidate these projects into our account for the whole year and increase our controlling stakes in high-quality projects for the purpose of boosting the net profit attributable to the parent company.

Enhance the profitability of the LNG industry chain. LNG terminals will continue to operate at a high-loading status, and we will further optimize the inspection and maintenance mechanisms at LNG plants to ensure long-term and high-loading operation at plants. We will continue to optimize the deployment of the industry chain and leverage the refined oil refuelling network to expand our LNG sales to the vehicle and vessel transportation sector, aiming at increasing the market share steadily. Also, we will develop an offshore refuelling pattern in the Guangdong-Hong Kong-Macau Greater Bay Area in an innovative way to bring about new drives for profit growth of offshore LNG refuelling.

Focus on enhancing the profitability of LPG resources. We will increase terminal sales, refine the market segmentation, strengthen the secondary profitability of civilian terminals, conduct competitive sales of LPG regularly, expand import resource volume and efficiency, accelerate the construction of the Jiangsu Yancheng LPG import terminal and enhance the sustainability of profits. In addition, we will advance the application of the smart management system for bottled LPG.

Accelerate the green and low-carbon transformation and related upgrade. Adhering to the principles of “focusing on reality, highlighting key aspects, concentrating resources and piloting first”, we will take the lead to explore new horizons for further development, facilitate the development of emerging industries and create a “second growth curve”. Moreover, we will speed up the progress of the Chongqing Tongliang Integrated Energy Demonstration Project, systematically expand the installed capacity of gas and electricity power generation and put two gas and electricity power projects into operation within the year. We will also actively facilitate the implementation of wind and solar projects in Shandong and Harbin, and will work together with other parties to promote carbon reduction, green expansion and related growth, establish distributed photovoltaic and cooling energy utilization projects at terminals and sites continuously and increase the ratio of zero-carbon stations to 15%. Furthermore, we will further the development of the “natural gas + green electricity” sales partnership model to absorb 50 million kilowatts of green electricity.

Reform and innovate further to give rise to vitality. Focusing on scientific management and control, lean operations and value creation, we will leverage the dual drivers of reform and innovation to unleash our vitality. Besides, we will continue to improve our corporate governance, optimize the organizational structure of specialized business units and pursue the “Double Hundred Reforms” diligently to enhance efficiency through modern corporate governance and sound market-oriented operating mechanisms. We will spare no effort to step up the governance of loss-making enterprises, reduce the number of legal entities and improve the quality, efficiency and performance, and will strengthen the reduction of costs and fees, control capital expenditures tightly and control project returns strictly, thereby generating long-term value through lean management. Besides, we will expedite the full implementation of Kunlun ERP and the Yunmengze Smart Platform and promote the application of large-scale AI models in areas such as safety monitoring, the construction of LNG terminals and customer service, and will also drive efficiency transformation through the “AI + Gas” smart ecosystem to strengthen the foundation for development. We will implement comprehensive measures to strengthen market value management to enhance investment value and prioritize shareholder returns, and will consider enacting a new three-year dividend distribution plan for 2026 to 2028. We will effectively coordinate its business development and production safety, further implement the ESG development strategy, uphold the bottom line of safe production firmly and fully achieve inherent safety across all sectors and the entire supply chain of production and operations.

March the long and winding road to deliver the job and forge ahead to turn to a new page. We will adhere to the five development strategies, namely “innovation, green development, market development, capital investment and low cost” to prioritize practical actions, strive for excellence, expand markets, improve efficiency, streamline management and facilitate transformation. In addition, we will achieve high-quality performance as targeted and prepare the “15th Five-Year Plan” in a scientific manner, and will also continue to generate new advantages and explore new driver for further development, reward investors and shareholders with outstanding performance and promote sustainable “win-win” situations between us, the environment, society, and all parties involved. We sincerely look forward to working hand in hand with all sectors of society to bring about a better future!

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to all members of the staff for their perseverance and efforts, customers for their understanding and support, and shareholders for their accompaniment and trust.

By order of the Board
Liu Guohai
Chairman and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2025 (the “Period”), the Company has always adhered to the five development strategies of “Innovation, Green, Market, Capital and Low Cost”, deeply advanced the modernisation of marketing and corporate governance, actively optimised resource allocation, deepened our focus on existing markets, seized new opportunities, maintained stable and controlled production operations, and ensured strong profitability.

Revenue

Revenue for the Period was approximately RMB97,543 million, representing an increase of 4.97% as compared with RMB92,922 million for the same period of last year. The increase was mainly due to the increase in sales volume of natural gas, leading to an increase in the revenue of the Natural Gas Sales segment.

Other gains, net

Other net gains for the Period were approximately RMB381 million (the same period of 2024: RMB746 million). Such decrease was primarily attributable to factors including the progress of implementation, inspection and final settlement of government-subsidised projects such as ageing pipeline network upgrades.

Purchases, services and others

Purchases, services and others were approximately RMB84,778 million for the Period, representing an increase of 6.30% as compared with RMB79,752 million for the same period of last year. The increase was mainly due to the increase in purchase volume of natural gas by 10% which was slightly higher than the increase in revenue from the natural gas sales.

Employee compensation costs

Employee compensation costs were approximately RMB2,850 million for the Period, representing a decrease of 10.07% as compared with RMB3,169 million for the same period of last year. Employee compensation costs for the Period slightly declined along with the decrease in number of employees. In addition, combined with the integrated transfer of automotive terminal personnel, employee compensation provided in the first half of 2025 decreased year-on-year.

Depreciation, depletion and amortisation

Depreciation, depletion and amortisation for the Period was approximately RMB2,800 million, representing an increase of 1.67% as compared with RMB2,754 million for the same period of last year. Depreciation, depletion and amortisation maintained reasonable growth throughout the Period.

Other selling, general and administrative expenses

Other selling, general and administrative expenses for the Period were approximately RMB1,121 million, representing a decrease of 8.86% as compared with RMB1,230 million for the same period of last year. This was mainly due to the Company's strict implementation of cost control, focus on promoting optimisation and adjustment of the organisational system, and effectively control and lowering of administrative and management expenses.

Interest expenses

Interest expenses for the Period were approximately RMB323 million, representing a decrease of 21.41% as compared with RMB411 million for the same period of last year.

Total interest expenses for the Period were approximately RMB339 million, representing a decrease of 20.42% as compared with RMB426 million for the same period of last year. The interest expenses that were capitalised under construction-in-progress was RMB16 million, representing an increase of 6.67% as compared with RMB15 million for the same period of last year.

Share of profits less losses of associates

Share of profits less losses of associates for the Period was approximately RMB294 million, representing a decrease of 12.24%, as compared with RMB335 million for the same period of last year. The decrease was mainly due to the decrease in the shared operating profits from CNPC-Aktobemunaigas Joint Stock Company ("Aktobe"), as a result of lower international crude oil price during the Period.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2025, the carrying value of total assets of the Group was approximately RMB140,825 million, representing a decrease of RMB2,565 million or 1.79% as compared with RMB143,390 million as at 31 December 2024.

The gearing ratio of the Group was 18.32% as at 30 June 2025 as compared with 21.46% as at 31 December 2024, representing a decrease of 3.14 percentage points. It is computed by dividing the sum of interest-bearing borrowings and lease liabilities of RMB20,425 million (31 December 2024: RMB24,279 million) by the sum of total equity, interest-bearing borrowings and lease liabilities of RMB111,493 million (31 December 2024: RMB113,114 million).

As at 30 June 2025, the Group has total borrowings of RMB19,670 million which will be repayable as follows:

	30 June 2025 <i>RMB million</i>	31 December 2024 <i>RMB million</i>
Within one year	4,243	9,133
Between one to two years	3,089	2,263
Between two to five years	6,538	5,771
After five years	5,800	6,295
	<hr/> 19,670 <hr/>	<hr/> 23,462 <hr/>

PLEDGE OF ASSETS

As at 30 June 2025, the RMB1,607 million (31 December 2024: RMB1,878 million) borrowings were mainly pledged by natural gas charging rights.

As at 30 June 2025, certain property, plant, equipment and leasehold land of the Group amounting to RMB693 million (31 December 2024: RMB906 million) were pledged to banks for RMB247 million (31 December 2024: RMB277 million) loan facilities granted to the Group.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals during the Period.

MATERIAL INVESTMENTS

Material investments of the Group are its investments in associates and joint ventures.

There is no single material associate or joint venture which significantly affects the results and/or net assets of the Group.

EMPLOYEES

As at 30 June 2025, the Group had 23,924 employees globally (excluding the employees under entrustment contracts) (the same date of 2024: 24,371 employees). Remuneration package and benefits were determined in accordance with market terms, industry practice as well as the duties, performance, qualifications and experience of the employees.

CONTINGENT LIABILITIES

The Group is a defendant in certain lawsuits as well as the named party in other proceedings. While the outcome of such contingencies, lawsuits or other proceedings cannot be determined at present, the management believes that any resulting liabilities will not have a material adverse effect on the financial position or financial performance of the Group.

EVENTS AFTER THE PERIOD

As at the date of this announcement, the Group did not have material subsequent events after the Period.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend (the “2025 Interim Dividend”) of RMB16.60 cents per share (2024: RMB16.41 cents) or HKD17.91 cents per share calculated at the exchange rate of RMB1.00:HKD1.0787, being the average of the mean exchange rate for the conversion of RMB against HKD as announced by the Hong Kong Association of Banks for the five business days immediately preceding 19 August 2025, to shareholders whose names appear on the Company’s register of members (the “Shareholders Register”) on 5 September 2025 (Friday). The payment is expected to be made on 23 October 2025 (Thursday). The 2025 Interim Dividend amounted to a total of approximately RMB1,437 million.

The 2025 Interim Dividend will be payable to each shareholder in HKD unless an election is made to receive the 2025 Interim Dividend in RMB.

Shareholders will be given the option to elect to receive all (but not part, save in the case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in RMB) of the 2025 Interim Dividend in RMB. If shareholders elect to receive all (but not part) of the 2025 Interim Dividend in RMB, shareholders should complete a dividend currency election form, which is expected to be despatched to shareholders on 12 September 2025 (Friday) as soon as practicable after the record date of 5 September 2025 (Friday) to determine shareholders’ entitlement to the 2025 Interim Dividend.

If an election is made by a shareholder to receive the 2025 Interim Dividend in RMB in respect of all (but not part) of that shareholder’s entitlement, the RMB dividend will be paid by cheques which are expected to be posted to the relevant shareholders by ordinary post on 23 October 2025 (Thursday) at the shareholders’ own risk.

Shareholders who are minded to elect to receive the 2025 Interim Dividend in RMB should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for the 2025 Interim Dividend can be presented for payment; and (ii) there is no assurance that the RMB cheques can be cleared without handling charges or delay in Hong Kong or that the RMB cheques will be honoured for payment upon presentation outside Hong Kong.

If any beneficial owners of shares of the Company which are registered in the name of a nominee (e.g. HKSCC Nominees Limited), trustee or registered holder in any other capacity elect to receive all (but not part) of the 2025 Interim Dividend in RMB, they should make appropriate arrangements with such nominees, trustees or registered holders in order to effect the receipt of the 2025 Interim Dividend in RMB. The Company shall not be responsible for any costs, taxes or duties associated therewith or arising therefrom and such costs will be borne solely by the beneficial owners of such shares of the Company. If no such arrangements are in place, such beneficial owners of shares of the Company (despite having elected to receive the 2025 Interim Dividend in RMB) shall receive the 2025 Interim Dividend in HKD.

If shareholders wish to receive the 2025 Interim Dividend in HKD in the usual way, no additional action is required.

Shareholders should seek professional advice with their own tax advisors regarding any possible tax implications of the dividend payment.

CLOSURE OF SHAREHOLDERS REGISTER

For the purpose of determining shareholders' entitlement to the 2025 Interim Dividend, the Shareholders Register will be closed. Relevant details are set out below:

Latest time to lodge transfer documents for registration	4:30 p.m. on 3 September 2025 (Wednesday)
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Closure of the Shareholders Register	From 4 September 2025 (Thursday) to 5 September 2025 (Friday) (both days inclusive)
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Record date	5 September 2025 (Friday)
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During the above closure periods, no transfer of shares will be registered. To qualify for the 2025 Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned time.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), the changes in information of the Directors since the date of the 2024 annual report of the Company are set out below:

Dr. Liu Xiao Feng retired as Independent Non-executive Director, with effect from 29 May 2025.

Mr. Kwok Chi Shing was appointed as Independent Non-executive Director, with effect from 29 May 2025.

Mr. Kwok Chi Shing resigned as independent non-executive director of Fantasia Holdings Group Co., Limited, with effect from 22 May 2025.

Mr. Kwok Chi Shing resigned as independent non-executive director of DTXS Silk Road Investment Holdings Company Limited, with effect from 6 June 2025.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares (including sale of treasury shares) during the Period. As of 30 June 2025, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE

The Company is committed to the maintenance of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high corporate governance standard. The Board of Directors is of the view that the Company has complied with all the code provisions in the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules during the Period, except for the following deviation.

Code provision C.1.5

Pursuant to Code Provision C.1.5 of the Corporate Governance Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Ms. Lyu Jing, a non-executive Director of the Company, was unable to attend the annual general meeting of the Company held on 29 May 2025 due to other business arrangements.

REVIEW OF INTERIM FINANCIAL REPORT

Pursuant to paragraph 46(6) of Appendix D2 to the Listing Rules, the unaudited consolidated interim financial report of the Group for the Period has been reviewed by the Audit Committee of the Company with no disagreement.

The unaudited consolidated interim financial report of the Group for the Period has also been reviewed by the Company's auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Hong Kong Institute of Certified Public Accountants. The KPMG's unmodified review report will be included in the interim report to be sent to shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted written guidelines on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors’ securities transaction.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Period.

DETAILED INFORMATION OF INTERIM RESULTS

Detailed interim results containing the information required by paragraphs 46(1) to 46(6) of Appendix D2 to the Listing Rules will be released on or before 19 September 2025 on the Stock Exchange’s website (www.hkex.com.hk) and the Company’s website (www.kunlun.com.hk).

By the Order of the Board
KUNLUN ENERGY COMPANY LIMITED
Liu Guohai
Chairman and Executive Director

Hong Kong, 19 August 2025

As at the date of this announcement, the Board of Directors comprises Mr. Liu Guohai as the Chairman and Executive Director, Mr. Qian Zhijia as the Chief Executive Officer and Executive Director, Ms. Lyu Jing and Mr. Qi Zhenzhong as Non-Executive Directors, and Mr. Sun Patrick, Mr. Tsang Yok Sing Jasper and Mr. Kwok Chi Shing as Independent Non-Executive Directors.