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濱海投資有限公司

BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2886)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Binhai Investment Company Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2025 (the “**Period**”) together with the comparative unaudited figures for the corresponding period in 2024. The unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company.

FINANCIAL HIGHLIGHTS

	Unaudited Six months Ended 30 June 2025 <i>HK\$'000</i>	Unaudited Six months Ended 30 June 2024 <i>HK\$'000</i>	Percentage Change
Revenue	2,931,118	3,530,446	-17%
Gross profit	310,051	343,366	-10%
Profit for the Period	176,506	171,176	3%
Basic earnings per share attributable to owners of the Company during the Period	<u>12.54 cents</u>	<u>12.41 cents</u>	<u>1%</u>
	Unaudited As at 30 June 2025 <i>HK\$'000</i>	Audited As at 31 December 2024 <i>HK\$'000</i>	Percentage Change
Total assets	7,997,546	7,749,788	3%
Total equity	2,400,459	2,304,146	4%
Total liabilities	<u>5,597,087</u>	<u>5,445,642</u>	<u>3%</u>

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Unaudited	
		Six months ended 30 June	
		2025	2024
	Notes	HK\$'000	HK\$'000
Revenue from contracts with customers	6	2,931,118	3,530,446
Cost of sales and services	9	(2,621,067)	(3,187,080)
Gross profit		310,051	343,366
Other income	7	13,016	25,568
Administrative expenses	9	(90,086)	(81,603)
Research and development expenses (R&D)	9	(50,447)	(57,506)
Net impairment reversal on financial and contract assets		11,153	21,296
Other gains – net	8	64,072	4,024
Operating profit		257,759	255,145
Finance income	10	2,071	15,179
Finance costs	10	(45,490)	(74,629)
Finance costs – net	10	(43,419)	(59,450)
Share of results of associates and joint ventures accounted for using the equity method		7,445	8,077
Profit before income tax		221,785	203,772
Income tax expense	11	(45,279)	(32,596)
Profit for the Period		176,506	171,176

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the six months ended 30 June 2025

	Notes	Unaudited	
		Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
Profit for the Period attributable to:			
– Owners of the Company		172,815	167,924
– Non-controlling interests		<u>3,691</u>	<u>3,252</u>
		<u>176,506</u>	<u>171,176</u>
		HK\$ cents	HK\$ cents
Earnings per share attributable to owners of the Company:			
	13		
– Basic earnings per share		<u>12.54</u>	<u>12.41</u>
– Diluted earnings per share		<u>12.54</u>	<u>12.41</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Profit for the Period	<u>176,506</u>	<u>171,176</u>
Other comprehensive income/(loss)	<u>68,106</u>	<u>(59,960)</u>
Total comprehensive income for the Period	<u>244,612</u>	<u>111,216</u>
Total comprehensive income for the Period is attributable to:		
– Owners of the Company	239,096	109,640
– Non-controlling interests	<u>5,516</u>	<u>1,576</u>
	<u>244,612</u>	<u>111,216</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		Unaudited As at 30 June 2025 <i>HK\$'000</i>	Audited As at 31 December 2024 <i>HK\$'000</i>
	Notes		
ASSETS			
Non-current Assets			
Property, plant and equipment	14	6,304,670	5,985,500
Right-of-use assets		195,678	189,472
Investment properties		383	5,832
Intangible assets		67,819	68,278
Investments in associates and joint ventures		316,016	302,781
Prepayments		19,243	15,720
Deferred tax assets	20	26,617	30,773
Restricted bank deposits		10,882	11,107
Term deposits		–	19,016
		<u>6,941,308</u>	<u>6,628,479</u>
Current Assets			
Inventories		104,478	97,266
Trade and other receivables	15	351,028	304,602
Notes receivable		16,888	36,438
Contract assets		11,803	4,473
Prepayments		191,072	293,528
Term deposits		35,003	957
Restricted bank deposits		20,199	–
Cash and cash equivalents		325,767	384,045
		<u>1,056,238</u>	<u>1,121,309</u>
Total Assets		<u>7,997,546</u>	<u>7,749,788</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2025

		Unaudited As at 30 June 2025 <i>HK\$'000</i>	Audited As at 31 December 2024 <i>HK\$'000</i>
	<i>Notes</i>		
EQUITY AND LIABILITIES			
EQUITY			
Share capital		258,292	282,325
– Ordinary shares	16	138,325	138,325
– Redeemable preference shares	16	119,967	144,000
Treasury Stocks		(10,691)	(7,267)
Share premium		36,795	36,640
Other reserves		(43,802)	(110,083)
Retained earnings		2,088,511	2,020,124
Equity attributable to owners of the Company		2,329,105	2,221,739
Non-controlling interests		71,354	82,407
Total Equity		2,400,459	2,304,146
LIABILITIES			
Non-current Liabilities			
Borrowings	18	1,849,470	2,258,172
Deferred income	19	142,627	145,265
Lease liabilities		4,811	7,270
Deferred tax liabilities	20	7,047	12,264
		2,003,955	2,422,971
Current Liabilities			
Trade and other payables	17	1,226,107	1,204,412
Contract liabilities		457,136	679,990
Current income tax liabilities		47,540	61,851
Borrowings	18	1,856,964	1,071,352
Lease liabilities		5,385	5,066
		3,593,132	3,022,671
Total Liabilities		5,597,087	5,445,642
Total Equity and Liabilities		7,997,546	7,749,788

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

Changes in equity of the Group during the six months ended 30 June 2025 and 2024 are as follows:

	Unaudited							
	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Treasury stock HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total Equity HK\$'000
At 1 January 2025 (audited)	282,325	36,640	(7,267)	(110,083)	2,020,124	2,221,739	82,407	2,304,146
Profit for the Period	-	-	-	-	172,815	172,815	3,691	176,506
Other comprehensive income for the Period	-	-	-	66,281	-	66,281	1,825	68,106
Total comprehensive income for the Period	-	-	-	66,281	172,815	239,096	5,516	244,612
Approved dividends for last year	-	-	-	-	(104,428)	(104,428)	-	(104,428)
Approved dividend for non-controlling interests	-	-	-	-	-	-	(16,731)	(16,731)
Repurchase of treasury shares	-	-	(3,424)	-	-	(3,424)	-	(3,424)
Approved redemption of preferences shares	(24,033)	-	-	-	-	(24,033)	-	(24,033)
Contribution from non-controlling interests	-	155	-	-	-	155	162	317
At 30 June 2025 (unaudited)	258,292	36,795	(10,691)	(43,802)	2,088,511	2,329,105	71,354	2,400,459

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2025

	Unaudited							
	Attributable to owners of the Company							
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total Equity <i>HK\$'000</i>
At 1 January 2024 (audited)	330,299	1,536	40,102	(70,820)	1,932,273	2,233,390	87,161	2,320,551
Profit for the Period	–	–	–	–	167,924	167,924	3,252	171,176
Other comprehensive loss for the Period	–	–	–	(58,284)	–	(58,284)	(1,676)	(59,960)
Total comprehensive (loss)/income for the Period	–	–	–	(58,284)	167,924	109,640	1,576	111,216
Approved dividends for last year	–	–	(40,102)	–	(62,725)	(102,827)	–	(102,827)
Approved dividend for non-controlling interests	–	–	–	–	–	–	(10,832)	(10,832)
At 30 June 2024 (unaudited)	330,299	1,536	–	(129,104)	2,037,472	2,240,203	77,905	2,318,108

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operating activities	97,217	104,913
Interest received	2,071	15,179
Income tax paid	(61,669)	(53,786)
Net cash inflow from operating activities	37,619	66,306
Cash flows from investing activities		
Payments for property, plant and equipment	(176,540)	(259,393)
Payments for intangible assets	(186)	(534)
Proceeds from/(payments for) disposal of property, plant and equipment	135	(29)
Net increase in restricted bank deposits	(19,895)	(5)
Placement of term deposits	(35,003)	(19,143)
Withdrawal of term deposits	19,974	125,516
Payments for acquiring an equity investment	–	(4,917)
Proceeds from disposal of a subsidiary	487	10,616
Dividends from an associate	3,095	3,773
Government grant received	2,464	5,909
Net cash outflow from investing activities	(205,469)	(138,207)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*For the six months ended 30 June 2025*

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Cash flows from financing activities		
Payments on repurchase of shares	(3,424)	–
Proceeds from borrowings	902,238	1,351,267
Repayments of borrowings	(626,262)	(1,277,862)
Principal elements of lease payments	(336)	(3,240)
Interest paid	(78,201)	(100,662)
Proceeds from non-controlling interests in a subsidiary for capital increase	317	–
Dividends paid to non-controlling interests	–	(17,881)
Dividend paid to the Company's shareholders	(104,426)	–
Net cash inflow/(outflow) from financing activities	89,906	(48,378)
Net decrease in cash and cash equivalents	(77,944)	(120,279)
Cash and cash equivalents at the beginning of the Period	384,045	808,364
Effects of exchange rate difference	19,666	(25,896)
Cash and cash equivalents at the end of the Period	325,767	662,189

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 8 October 1999, with its principal place of business at Suites 3205-07, 32/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (“**HKEx**”).

The Company is an investment holding company. The Company and its subsidiaries are hereafter together referred to as the Group.

As at 30 June 2025, TEDA Hong Kong Property Company Limited (“**TEDA HK**”) (an indirect subsidiary of TEDA Investment Holding Co., Ltd. (“**TEDA**”)), together with TEDA’s other subsidiaries, held approximately 42.18% of the total ordinary shares of the Company in issue, and Great Wall Energy Investment (Hong Kong) Limited (“**Great Wall Energy HK**”) (a wholly-owned subsidiary of China Petroleum & Chemical Corporation (“**Sinopec**”)) held approximately 29.52% of the total ordinary shares of the Company in issue. TEDA is the largest ultimate shareholder of the Company and Sinopec is the second largest ultimate shareholder of the Company.

The Group’s condensed consolidated interim financial statements are presented in Hong Kong Dollars (“**HK\$**”) and the functional currency of the Company and its subsidiaries is Renminbi (“**RMB**”).

2. BASIS OF PREPARATION

(i) Compliance with HKAS 34 and Listing Rules

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the HKEx (the “**Listing Rules**”).

(ii) Historical cost convention

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair values.

(iii) Going concern

As at 30 June 2025, the Group's current liabilities exceeded its current assets by approximately HK\$2,536,894,000. The Group's current liabilities as at 30 June 2025 included primarily trade and other payables, contract liabilities and current borrowings of approximately HK\$1,226,107,000, HK\$457,136,000 and HK\$1,856,964,000, respectively.

Based on the considerations that 1) the Group will maintain its profitability and generate net cash from its operations, and 2) the Group has access to contracted or secured loan facilities totaling approximately RMB1,052,920,000 (equivalent to approximately HK\$1,151,739,000) from certain banks and other financial institutions as of the date of approval of these consolidated financial statements, management concluded that the Group will have sufficient financial resources to support its operations and to meet its financial obligations and commitments as and when they fall due in the coming twelve months from 30 June 2025.

The Directors have reviewed the management's assessment together with the underlying basis and are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied and methods of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2024.

Amended standard adopted by the Group

The Group has adopted the following amended standard, which is mandatorily effective for the accounting periods beginning on or after 1 January 2025 and do not have a material impact on the Group:

Amendments to HKAS 21

Lack of Exchangeability

New and amended standards and interpretations not yet adopted

Certain other new and amended standards and interpretations have also been published that are not mandatory for 30 June 2025 reporting period and have not been early adopted by the Group. These amended standards and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. As at 30 June 2025, the Group did not use any derivative financial instruments to hedge against its financial risk exposures.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

There have been no changes in any risk management policies since year end.

5.2 Liquidity risk

Compared to the year end of 2024, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

Financial instruments measured at fair value are analysed into the following fair value measurement hierarchy:

- level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no transfers between different levels of the fair value hierarchy during the Period.

During the Period, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

Fair value of the financial assets and financial liabilities that are not measured at fair value on recurring basis:

The Directors consider that the carrying amounts of other financial assets and financial liabilities carried at amortised cost in the condensed consolidated interim financial statements approximate their fair values.

6. SEGMENT INFORMATION

The chief operating decision-maker (“**CODM**”), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company (the “**Executive Directors**”) that makes strategic decisions.

Due to the future business development, the Group enhanced its sales of gas appliances, provision of small-scale assembling services, maintenance services and activities of insurance agency services, which subsequently became part of the Group’s principal activities. Accordingly, income generated from these services have been included in revenue.

The comparative figures for the prior period have been re-presented to reclassify value-added services, in order to align them with the current year’s presentation. This reclassification has been made to ensure that the financial statements provide information that is relevant, comparable, and understandable to stakeholders. Such re-presentation did not have any impact on the Company’s financial performance or total income for the periods presented.

During the year, the segment information presented to the CODM was enhanced. The sales of gas appliances, the provision of small-scale assembling services, maintenance services, and activities of insurance agency services, which were previously included in other income, are now combined into a new segment named “Value-added services”. Accordingly, the Group’s operating and reportable segments under HKFRS 8 “Operating Segments” are sales of piped natural gas, construction and gas pipeline installation service, gas passing through service and value-added service. The segment profit reviewed by the CODM represents the operating results earned by each segment. The Group has re-presented the corresponding segment information for the corresponding period in 2024.

The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources of the Group. The Executive Directors have determined the following operating segments based on these internal reports.

Sales of piped natural gas	–	Sales of piped natural gas through the Group’s pipeline networks to residential households and commercial and industrial customers
Construction and gas pipeline installation service	–	Construction of gas pipelines and installation of appliances to connect customers to the Group’s pipeline networks under gas construction and installation service contracts
Gas passing through service	–	Transportation of natural gas to customers through the Group’s pipeline networks
Value-added service	–	Including the sales of gas appliances, small-scale assembling services, maintenance services, and insurance agency services

The Executive Directors assess the performance of the operating segments based on segment results. Segment results are measured as gross profit of each segment. The segment revenue, results and other segment information are analysed as follows:

	Unaudited				
	Sales of piped natural gas <i>HK\$'000</i>	Construction and gas pipeline installation service <i>HK\$'000</i>	Gas passing through service <i>HK\$'000</i>	Value-added service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2025					
Total segment revenue from external customers	2,741,373	124,976	27,099	37,670	2,931,118
<i>Recognised at a point in time</i>	2,741,373	–	27,099	37,670	2,806,142
<i>Recognised over time</i>	–	124,976	–	–	124,976
Segment results	189,140	71,909	23,603	25,399	310,051
– Other income					13,016
– Administrative expenses					(90,086)
– Research and development expenses (R&D)					(50,447)
– Net impairment reversal on financial and contract assets					11,153
– Other gains – net					64,072
– Finance income					2,071
– Finance costs					(45,490)
– Share of results of associates and joint ventures accounted for using equity method, net					7,445
Profit before income tax					221,785
Other segment information:					
Depreciation (included in cost of sales and services)	66,362	246	2,982	74	69,664
Depreciation (included in administrative expenses and R&D)					34,683
					104,347

Unaudited					
Six months ended 30 June 2024	Sales of piped natural gas <i>HK\$'000</i>	Construction and gas pipeline installation service <i>HK\$'000</i>	Gas passing through service <i>HK\$'000</i>	Value-added service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total segment revenue from external customers	3,295,229	167,572	32,391	35,254	3,530,446
<i>Recognised at a point in time</i>	3,295,229	–	32,391	35,254	3,362,874
<i>Recognised over time</i>	–	167,572	–	–	167,572
Segment results	<u>188,923</u>	<u>102,248</u>	<u>28,436</u>	<u>23,759</u>	<u>343,366</u>
– Other income					25,568
– Administrative expenses					(81,603)
– Research and development expenses (R&D)					(57,506)
– Net impairment reversal on financial and contract assets					21,296
– Other gains – net					4,024
– Finance income					15,179
– Finance costs					(74,629)
– Share of results of associates and joint ventures accounted for using the equity method					<u>8,077</u>
Profit before income tax					<u><u>203,772</u></u>
Other segment information					
Depreciation (included in cost of sales and services)	66,470	265	3,257	56	70,048
Depreciation (included in administrative expenses and R&D)					<u>33,945</u>
					<u><u>103,993</u></u>

7. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Government grants	9,665	22,644
Income from service of maintenance and renovation	2,924	2,638
Rental income	427	286
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	13,016	25,568
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8. OTHER GAINS – NET

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Net gains from compensation for gas pipelines relocation	54,538	19,031
Net losses on disposal of property, plant and equipment	(69)	(327)
Net foreign exchange gains/(losses)	11,444	(23,696)
Net gains on disposal of a subsidiary	487	2,853
Others	(2,328)	6,163
	<hr/>	<hr/>
	64,072	4,024
	<hr/> <hr/>	<hr/> <hr/>

9. EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Cost of gas purchased	2,385,024	2,942,825
Employee benefit expense	139,370	121,200
Depreciation	104,347	103,993
– Property, plant and equipment	95,745	95,578
– Right-of-use assets	8,602	8,415
Subcontractor and other costs	28,521	27,907
Safety production expenses	21,931	21,787
Changes in inventories of pipeline and other materials	8,243	8,898
Costs of pipeline and other material purchased	14,692	27,677
Repair expenses	7,507	11,824
Other professional fees	4,395	7,011
Expenses relating to short term leases	1,882	2,191
Amortisation	2,203	2,410
Others	43,485	48,466
	<u>2,761,600</u>	<u>3,326,189</u>
Total cost of sales and services and administrative expenses and R&D	<u>2,761,600</u>	<u>3,326,189</u>

10. FINANCE INCOME AND COSTS

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Finance income:		
– Interest income on bank deposits	2,071	15,179
Finance costs:		
– Interest expenses	(83,544)	(110,409)
Less: amounts capitalised as construction in progress	38,054	35,780
	<u>(45,490)</u>	<u>(74,629)</u>
Finance costs – net	<u>(43,419)</u>	<u>(59,450)</u>

11. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Current income tax	45,524	30,980
Deferred income tax charge (<i>Note 20</i>)	(245)	1,616
	<u>45,279</u>	<u>32,596</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

Binhai Investment Hong Kong Company Limited (“**Binhai HK**”) is a resident of the Hong Kong Special Administrative Region under the “Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income” for the calendar year 2025 to 2027.

According to the PRC Corporate Income Tax Law (the “**CIT Law**”), the dividends as declared by PRC incorporated subsidiaries to their foreign immediate holding companies (incorporated outside Mainland China) relating to the profits made subsequent to 1 January 2008 are subject to withholding income tax on dividend (“**Withholding tax**”) at the rate of 10% with reduced rates available under certain conditions according to relevant international tax treaties.

The Group is liable to Withholding tax on dividends actually declared and distributed from the unremitted earnings of the PRC incorporated subsidiaries as accumulated subsequent to 1 January 2008. As Binhai HK has acquired Certificate of Resident Status from 2022, reduced rate of Withholding tax was applied.

In accordance with the “Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Corporate Income Tax”, New and High Technical Enterprise was subject to income tax at a preferential tax rate of 15%. Tianjin TEDA Binhai Clean Energy Group Company Limited* (“**Tianjin Clean Energy**”) (天津泰達濱海清潔能源集團有限公司) was recognised as a New and High Technical Enterprises on 19 December 2022 in accordance with the CIT Law for 3 years and hence is subject to the preferential tax rate of 15% for the years from 2022 to 2024. Tianjin Bintou Xinzhi Technology Company Limited was recognised as a New and High Technical Enterprises on 3 December 2024 in accordance with the CIT Law for 3 years and hence is subject to the preferential tax rate of 15% for the years from 2024 to 2026.

Other subsidiaries established in the PRC are subject to income tax at the statutory tax rate of 25% for the six months ended 30 June 2025 (for the six months ended 30 June 2024: 25%).

The Company was established in Bermuda, which is a tax free country.

12. DIVIDEND

During the Period, a final dividend of HK\$0.076 per ordinary share in respect of the year ended 31 December 2024 (the “**2024 Final Dividend**”) was recommended by the Board (a final dividend of HK\$0.076 per ordinary share was recommended for the year ended 31 December 2023) and approved at the annual general meeting held on 9 May 2025. The total 2024 Final Dividend amounted to approximately HK\$104,428,000 (2023 Final Dividend: approximately HK\$102,827,000). The sum of approximately HK\$104,426,000 pertaining to the 2024 Final Dividend was paid on 10 June 2025.

The Directors have not resolved to declare an interim dividend for the six months ended 30 June 2025.

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted-average number of ordinary shares in issue during the Period.

	Unaudited Six months ended 30 June	
	2025	2024
Profit attributable to owners of the Company (<i>HK\$'000</i>)	172,815	167,924
Weighted-average number of ordinary shares for basic earnings per share (<i>thousand</i>)	1,378,447	1,352,993
Basic earnings per share (<i>HK\$ cents</i>)	12.54	12.41

(b) Diluted

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Unaudited Six months ended 30 June	
	2025	2024
Profit attributable to owners of the Company (<i>HK\$'000</i>)	172,815	167,924
Weighted-average number of ordinary shares for diluted earnings per share (<i>thousand</i>)	1,378,447	1,352,993
Diluted earnings per share (<i>HK\$ cents</i>)	12.54	12.41

14. PROPERTY, PLANT AND EQUIPMENT

	Unaudited As at 30 June 2025 HK\$'000	Unaudited As at 30 June 2024 HK\$'000
Opening net book amount	5,985,500	6,007,569
Additions	224,477	163,149
Sales and disposals	(2,760)	(281)
Depreciation charges	(95,745)	(95,578)
Currency translation differences	193,198	(123,319)
Closing net book amount	6,304,670	5,951,540

15. TRADE AND OTHER RECEIVABLES

	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
Trade receivables from third parties:		
– Construction and gas pipeline installation service	247,847	249,682
– Sales of piped natural gas	71,622	47,930
– Gas passing through service	4,609	1,150
	324,078	298,762
<i>Less: Provision for impairment</i>	(88,922)	(95,950)
	235,156	202,812
Trade receivables from related parties		
– Construction and gas pipeline installation service	6,017	11,093
<i>Less: Provision for impairment</i>	(1,350)	(4,883)
	4,667	6,210
Other receivables	119,785	104,510
<i>Less: Provision for impairment</i>	(8,580)	(8,930)
	111,205	95,580
Total trade and other receivables	351,028	304,602

The Group grants credit period of 90 days to its customers of piped natural gas sales and customers of gas passing through service, whereas a longer credit period of 180 days after the completion of relevant stage of contract work is granted to customers of construction and gas pipeline installation. A longer credit period may be granted on a discretionary basis to certain selected customers with good repayment histories or settling by bills.

The ageing analysis of trade receivables presented based on the revenue recognition date is as follows:

	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
0-90 days	88,075	65,725
91-180 days	5,249	20,059
181-365 days	35,033	27,778
Over 365 days	201,738	196,293
	330,095	309,855

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

16. SHARE CAPITAL

	Unaudited As at 30 June 2025		Audited As at 31 December 2024	
	Number of shares	Amounts	Number of shares	Amounts
	'000	HK\$'000	'000	HK\$'000
Authorised:				
Ordinary shares of HK\$0.10 each	2,280,000	228,000	2,280,000	228,000
Issued and fully paid:	1,383,255	138,325	1,383,255	138,325
Redeemable preference shares of HK\$50.00 each, issued and fully paid	2,399	119,967	2,880	144,000
Total:		258,292		282,325

17. TRADE AND OTHER PAYABLES

	Unaudited As at 30 June 2025 <i>HK\$'000</i>	Audited As at 31 December 2024 <i>HK\$'000</i>
Trade payables	661,493	647,310
Other payables	562,151	550,485
Accrued expenses	<u>2,463</u>	<u>6,617</u>
Total trade and other payables	<u>1,226,107</u>	<u>1,204,412</u>

As at 30 June 2025, the ageing analysis of the trade payables based on suppliers' invoice date is as follows:

	Unaudited As at 30 June 2025 <i>HK\$'000</i>	Audited As at 31 December 2024 <i>HK\$'000</i>
0-90 days	113,751	174,303
91-180 days	64,790	51,766
181-365 days	124,697	101,772
Over 365 days	<u>358,255</u>	<u>319,469</u>
	<u>661,493</u>	<u>647,310</u>

18. BORROWINGS

		Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
	Notes		
Non-current			
Secured			
– Bank borrowings	(b)	271,344	291,825
– Other borrowings	(c)	368,996	398,258
		<u>640,340</u>	<u>690,083</u>
Unsecured:			
– Syndicated borrowing	(a)	–	853,007
– Bank borrowings	(b)	1,209,130	715,082
		<u>1,209,130</u>	<u>1,568,089</u>
Total non-current borrowings		<u>1,849,470</u>	<u>2,258,172</u>
Current			
Secured			
– Bank borrowings	(b)	494,302	707,685
– Other borrowings	(c)	81,459	132,821
		<u>575,761</u>	<u>840,506</u>
Unsecured			
– Syndicated borrowing	(a)	652,382	29,217
– Bank borrowings	(b)	628,821	201,629
		<u>1,281,203</u>	<u>230,846</u>
Total current borrowings		<u>1,856,964</u>	<u>1,071,352</u>
Total borrowings		<u><u>3,706,434</u></u>	<u><u>3,329,524</u></u>

Notes:

(a) Syndicated borrowing

In March 2024, the Company entered into a new syndicated term loan facility agreement, and subsequently, in June 2024, the Company drew down a syndicated borrowing of US\$85 million (equivalent to approximately HK\$664 million) and RMB220 million (equivalent to approximately HK\$235 million), bearing interest at the Secured Overnight Financing Rate (“SOFR”) plus 2.35% per annum and fixed at 6% per annum, respectively. This syndicated borrowing is guaranteed by Tianjin Clean Energy, Binhai Investment (Tianjin) Company Limited and Taicheng Clean Energy Group Company Limited. In April 2025, the Company fully repaid RMB tranche of the syndicated borrowing, amounting to approximately RMB217 million, (equivalent to approximately HK\$238 million). The other principal of the syndicated borrowing will be due for repayment by instalments until June 2026.

(b) Bank borrowings

Details of the bank borrowings are summarised as below:

	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
Non-current bank borrowings:		
Secured (<i>Note</i>)	271,344	291,825
Unsecured	<u>1,209,130</u>	<u>715,082</u>
	<u>1,480,474</u>	<u>1,006,907</u>
Current bank borrowings:		
Secured (<i>Note</i>)	494,302	707,685
Unsecured	<u>628,821</u>	<u>201,629</u>
	<u>1,123,123</u>	<u>909,314</u>
	<u>2,603,597</u>	<u>1,916,221</u>

Notes:

The details of secured bank borrowings are as below:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Collateral security or guarantor		
Secured using the rights to the earnings of certain subsidiaries and certain trade receivables	765,646	999,510

(c) Other borrowings

The details of other borrowings are as below:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Collateral security		
Equity interest of a subsidiary	328,740	319,354
Gas pipeline assets with net book value of approximately HK\$348 million (2024: HK\$638 million) (<i>Note</i>)	121,715	211,725
	450,455	531,079

Note: In December 2022, a subsidiary of the Company, TEDA Energy, signed a financial leasing contract with an independent financial leasing company. Pursuant to the agreements, TEDA Energy transferred its gas pipeline assets to the financial leasing company and leased them back. Details of the transactions are as follows:

	Net book values of the pipeline assets transferred <i>RMB million</i>	Consideration <i>RMB million</i>	Lease period	Lease-back rental
Transaction	318	300	30 December 2022 to 30 December 2026	RMB18.75 million per quarter

As the transfer of the pipeline assets does not satisfy the requirement to be accounted for as a sale of the related assets, the Group continued to recognise the transferred assets and recognised a financial liability of borrowing equal to the transfer proceeds. The financial liability was recognised as borrowings totalling RMB300 million mortgaged by Tianjin Clean Energy with the gas pipeline assets.

(d) The Group's borrowings were repayable as follows:

	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
Within one year	1,856,964	1,071,352
Over one year, less than two years	986,190	1,430,495
Over two years, less than five years	337,793	309,582
Over five years	525,487	518,095
Total	<u>3,706,434</u>	<u>3,329,524</u>

19. DEFERRED INCOME

	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
Government grants (Note (a))	52,260	57,433
Grants for construction projects (Note (b))	90,367	87,832
	<u>142,627</u>	<u>145,265</u>

Notes:

- (a) As at 30 June 2025, certain subsidiaries of the Group had received government grants of HK\$52,260,000 (31 December 2024: HK\$57,433,000) related to certain gas pipeline construction projects in improving energy use efficiency. Accordingly, the government grants were classified as deferred income and released to profit or loss on a straight-line basis over the estimated useful lives of the relevant gas pipelines assets of 30 years.
- (b) As at 30 June 2025, grants received by certain subsidiaries of the Group for gas pipeline construction projects and heating construction projects totalling approximately HK\$90,367,000 (31 December 2024: HK\$87,832,000). The relevant assets belong to such subsidiaries of the Group, therefore the grants were classified as deferred income and will be released to profit or loss during the operating period on a straight-line basis over the estimated useful lives of the relevant assets in the future.

20. DEFERRED TAXITION

(a) Deferred tax assets

	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
Deferred tax assets ("DTA"):		
– to be recovered within 12 months	17,626	20,633
– to be recovered after more than 12 months	<u>34,279</u>	<u>32,742</u>
	<u>51,905</u>	<u>53,375</u>
– Set off with deferred tax liabilities	<u>(25,288)</u>	<u>(22,602)</u>
	<u>26,617</u>	<u>30,773</u>

The movement on DTA during the six months ended 30 June 2025 and 2024 is as follows:

	Deferred income HK\$'000	Impairment provisions HK\$'000	Accrued expenses HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 January 2025 (audited)	27,235	13,550	3,646	8,944	53,375
Charged to profit or loss	(756)	(2,491)	–	–	(3,247)
Currency translation differences	<u>778</u>	<u>357</u>	<u>382</u>	<u>260</u>	<u>1,777</u>
At 30 June 2025 (unaudited)	<u>27,257</u>	<u>11,416</u>	<u>4,028</u>	<u>9,204</u>	<u>51,905</u>
At 1 January 2024 (audited)	26,550	12,088	4,050	9,468	52,156
Credited/(charged) to profit or loss	3,393	(2,130)	(68)	–	1,195
Currency translation differences	<u>(668)</u>	<u>(261)</u>	<u>(95)</u>	<u>(223)</u>	<u>(1,247)</u>
At 30 June 2024 (unaudited)	<u>29,275</u>	<u>9,697</u>	<u>3,887</u>	<u>9,245</u>	<u>52,104</u>

(b) Deferred tax liabilities

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Deferred tax liabilities (“DTL”):		
– to be debited within 12 months	1,932	7,193
– to be debited after more than 12 months	30,403	27,673
	32,335	34,866
– Set off with deferred tax assets	(25,288)	(22,602)
	7,047	12,264

The movement on DTL during the six months ended 30 June 2025 and 2024 is as follows:

	Withholding tax on unremitted earnings <i>HK\$'000</i>	Accelerated depreciation of equipments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2025 (audited)	5,315	29,105	446	34,866
(Credited)/charged to profit or loss	(5,391)	1,899	–	(3,492)
Currency translation Differences	76	872	13	961
At 30 June 2025 (unaudited)	–	31,876	459	32,335
At 1 January 2024 (audited)	4,594	22,531	1,276	28,401
Charged to profit or loss	–	2,811	–	2,811
Currency translation Differences	(108)	(565)	(31)	(704)
At 30 June 2024 (unaudited)	4,486	24,777	1,245	30,508

21. COMMITMENTS

Capital commitments

	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
Contracted but not provided for		
– Property, plant and equipment	495,937	307,959

22. RELATED PARTY TRANSACTIONS

In addition to those mentioned elsewhere in the condensed consolidated interim financial statements, the followings are significant related party transactions entered between the Group, its related parties and other PRC government-related entities.

a) The Company is controlled by the following entities:

Name	Relationship with the Company	Place of incorporation	Ownership interest	
			Unaudited As at 30 June 2025	Audited As at 31 December 2024
TEDA HK	The largest shareholder	Hong Kong SAR	37.95%	37.87%
TEDA	The ultimate parent of TEDA HK	PRC	42.18%	42.08%
Great Wall Energy HK	The second largest shareholder	Hong Kong SAR	29.52%	29.45%
Sinopec	The ultimate parent of Great Wall Energy HK	PRC	29.52%	29.45%

b) Transactions with related parties

i. Sales of piped natural gas

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Entities controlled by TEDA	100,219	96,508
Associate	95,437	97,349
Other related parties	696	2,840
Entities controlled by Sinopec	623	932
	196,975	197,629

ii. Construction and gas pipeline installation services

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Entities controlled by TEDA	2,554	—
Other related parties	—	2,783
	2,554	2,783

iii. Gas passing through income

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Entities controlled by TEDA	50	—

iv. Rental income

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Joint ventures	—	115

v. Purchases of gas

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Entities controlled by Sinopec	460,532	990,910

vi. Purchases of gasoline and others

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Entities controlled by TEDA	9,641	51
Entities controlled by Sinopec	952	713
Associate	—	23
	10,593	787

vii. Interest expenses

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Entities controlled by Sinopec	6,424	6,510

viii. Other service expenses

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Entities controlled by TEDA	7,629	8,029
Other related parties	271	—
	7,900	8,029

ix. Sales of gas meters and others

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Entities controlled by TEDA	449	–
Other related parties	301	–
Associate	55	1,036
Joint ventures	4	–
	809	1,036

The Group's pricing on sales of piped natural gas with related parties are based on the reference price stipulated by the local government. Other transactions were entered into on terms as agreed with the related parties in the ordinary course of business.

c) Balances with related parties

i. Trade and other receivables

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Entities controlled by TEDA	6,702	5,467
Other related parties	4,708	5,325
Entities controlled by Sinopec	104	342
Associate	85	411
Joint ventures	4	21
	11,603	11,566

ii. Prepayments

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Entities controlled by Sinopec	23,919	43,494
Entities controlled by TEDA	485	3,730
	24,404	47,224

iii. Trade and other payables

	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
Entities controlled by TEDA	11,022	6,165
Entities controlled by Sinopec	16	1,897
Other related parties	16	139
	<u>11,054</u>	<u>8,201</u>

iv. Contract liabilities

	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
Entities controlled by TEDA	8,724	13,125
Associate	1,263	2,380
Other related parties	569	644
Entities controlled by Sinopec	96	263
	<u>10,652</u>	<u>16,412</u>

v. Borrowings

	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
Entities controlled by Sinopec	<u>328,740</u>	<u>319,354</u>

d) Transactions/balances with other state-owned enterprises in the PRC

Both the largest and second largest ultimate shareholders of the Company are state-controlled enterprises and hence the Company operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government (collectively referred to as “**state-controlled entities**”) through its government authorities, agencies, affiliations and other organizations.

Apart from transactions with related parties, the Group has transactions with other state-controlled entities which include, but are not limited to, the following:

- sales and purchases of piped natural gas;
- construction and gas pipeline installation service;
- lease of assets, purchase of pipe materials and property, plant and equipment;
- placing deposits and obtaining finance; and
- use of public utilities.

These transactions are conducted in the ordinary course of the Group’s business on terms comparable to those with other entities that are not state controlled. The Group has established its procurement policies, pricing strategy and approval process for purchases and sales of products and services which do not depend on whether the counterparties are state-controlled entities or not.

e) Compensation of key management personnel

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$’000	HK\$’000
Fees	1,328	1,275
Salaries, share options and other allowances	1,798	2,460
Pension costs	130	124

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the sales of piped natural gas, construction and gas pipeline installation service, gas passing through service and value-added services.

Sales of Piped Natural Gas

Due to the impact of a warm winter, natural gas consumption during the heating season fell short of expectations. Meanwhile, the economic recovery remained sluggish, resulting in a notable contraction in overall end-user demand. According to the data released by the National Development and Reform Commission, in the first half of 2025, Mainland China's apparent natural gas consumption reached 211.97 billion cubic meters, representing a year-on-year decrease of 0.9%. The total gas sales of the Group in the first half of 2025 reached 1.14 billion cubic meters, marking a year-on-year decrease of 14%, of which piped natural gas sales reached 0.83 billion cubic meters, marking a year-on-year decrease of 12.4% and gas passing through reached 0.31 billion cubic meters, marking a year-on-year decrease of 18.0%.

During the Period, consumption of piped natural gas by domestic and industrial users amounted to approximately $6,583 \times 10^6$ and $22,532 \times 10^6$ mega-joules respectively, as compared to $7,006 \times 10^6$ and $26,261 \times 10^6$ mega-joules respectively for the corresponding period last year. During the Period, income of the Group from sales of piped natural gas amounted to HK\$2,741,373,000, representing a decrease of HK\$553,856,000 or 17% compared to the amount of HK\$3,295,229,000 recorded for the corresponding period last year. The decrease in income from sales of piped natural gas is mainly due to the decrease in natural gas sales volume.

Construction and Gas Pipeline Installation Service

The Group constructs gas pipelines for its clients and connects such pipelines to the Group's main gas pipeline networks. The Group then charges construction and gas pipeline installation service fees from industrial and commercial customers, property developers and property management companies. These services are integral to the Group's operations, ensuring seamless gas distribution and expanding its network reach.

Affected by the lower-than-expected recovery in Mainland China's real estate market, the total number of customers of the Group increased to 2.47 million, representing a year-on-year increase of 1%. As at 30 June 2025, the aggregate length of city medium-pressure gas pipeline networks was approximately 4,014 kilometers, representing an increase of 38 kilometers from the length of 3,976 kilometers as at 31 December 2024. While the aggregate length of high-pressure and sub-high-pressure gas pipeline networks was approximately 657 kilometers, the same as the length as at 31 December 2024. During the Period, income of the Group from construction and gas pipeline installation service amounted to approximately HK\$124,976,000, representing a decrease of HK\$42,596,000 or 25% compared to the amount of HK\$167,572,000 recorded for the corresponding period last year.

Gas Passing Through Service

The Group transports gases for clients through gas pipeline networks and charges passing through fees. Natural gas is the primary energy source utilized in the Group's gas passing through service. As a clean and efficient energy resource, natural gas plays a critical role in addressing environmental pollution by significantly reducing carbon emissions and other harmful pollutants compared to traditional fossil fuels. Its inherent advantages, such as safety, reliability, and cost effectiveness, make it an attractive option for both industrial and residential use across the country. Furthermore, natural gas has emerged as a cornerstone in global clean energy strategies, contributing to the transition toward sustainable and environmentally friendly energy systems. This aligns with the nation's efforts to combat climate change and promote greener energy solutions, solidifying its importance in the development of clean energy initiatives in Mainland China.

During the Period, the volume of gases transported by the Group for its clients amounted to approximately 311,520,000 cubic meters and gas passing through service income amounted to approximately HK\$27,099,000, representing a decrease of HK\$5,292,000 or 16% compared to the amount of HK\$32,391,000 for the corresponding period last year.

Value-added Service

The Group provides customers with a variety of value-added services, including the sales of gas appliances, the provision of small-scale assembling services, maintenance services and insurance agency services. During the Period, value-added service income amounted to approximately HK\$37,670,000, representing an increase of HK\$2,416,000 or 7% compared to the amount of HK\$35,254,000 for the corresponding period of last year. In particular, income of the Group from the sales of gas appliances amounted to approximately HK\$9,931,000, representing an increase of HK\$2,764,000 or 39% compared to the amount of HK\$7,167,000 recorded for the corresponding period last year. Income of the Group from the provision of small-scale assembling services amounted to approximately HK\$18,464,000, representing a decrease of HK\$2,188,000 or 11% compared to the amount of HK\$20,652,000 recorded for the corresponding period last year. Income of the Group from maintenance services amounted to approximately HK\$4,177,000, representing an increase of HK\$982,000 or 31% compared to the amount of HK\$3,195,000 recorded for the corresponding period last year. Income of the Group from insurance agency services amounted to approximately HK\$5,098,000, representing an increase of HK\$858,000 or 20% compared to the amount of HK\$4,240,000 recorded for the corresponding period last year.

Property Development

As at 30 June 2025, the Group held a piece of land under development of approximately 15,899.6 square meters located to the east of Central West Road, west of Central Road, north of Xi San Road and south of Xi Er Road in the Tianjin Airport Economic Area in the Binhai New Area of the PRC, under land use rights for commercial use for a term of 40 years from 31 December 2009.

In view of the Group's current strategic direction which focuses on the development of the gas business, the Group plans to dispose of the above property under construction. The management emphasizes the decision of the disposal of the property under construction, and has appointed professional staff to actively contact agents and potential buyers.

Prospects

In the first half of 2025, Mainland China's natural gas market as a whole operated under relatively weak conditions due to a combination of factors, including the abnormally warm temperatures in Mainland China, the sluggish economic recovery, rising natural gas prices in Europe and the U.S., as well as U.S. export tariff policies. Due to the impact of a warm winter, natural gas consumption during the heating season fell short of expectations, with a significant contraction in overall demand while supply remained relatively abundant. In the first half of 2025, the import volume of Liquefied Natural Gas ("LNG") declined, but the production capacity of the China-Russia East Route further expanded. The import volume of the piped natural gas reached approximately 41.473 billion cubic meters, marking a year-on-year increase of 11.14%. Meanwhile, with the ongoing national strategy of "Enhancing Reserves and Productivity", the domestic natural gas production maintained robust growth momentum, reaching approximately 131.301 billion cubic meters, representing a year-on-year increase of 6.22%. Against the backdrop of ample supply, market trends further reflected insufficient demand. According to the data released by the National Development and Reform Commission, in the first half of 2025, Mainland China's apparent natural gas consumption reached 211.97 billion cubic meters, representing a year-on-year decrease of 0.9%. Affected by the warm winter in the first quarter, the total gas sales of the Group in the first half of 2025 reached 1.14 billion cubic meters, marking a year-on-year decrease of 14%. However, on a quarterly basis, the total gas sales of the Group in the second quarter increased 13% year-on-year, demonstrating that the sales in the first quarter were solely impacted by the warm winter, while the Group's gas sales business is still in rapid growth.

Affected by the lower-than-expected recovery in Mainland China's real estate market, the total number of customers of the Group increased to 2.47 million, marking a year-on-year increase of 1%. As transaction prices, volumes, and floor areas of new homes in Mainland China's key cities gradually stabilize, we anticipate a more optimistic outlook for Mainland China's real estate market.

To address the persistent problem of city gas distributors subsidizing residents, local governments have been working on a price alignment mechanism for residential gas use. As of the first half of the year, multiple cities within the Group's operating regions, including Liuyang, Changle, Zibo, Zhaoyuan, and Fengxian, have issued policies for adjusting natural gas retail prices to rectify the inverted pricing structure for residential gas use. These measures will help city gas operators restore gross profit level and optimize the upstream and downstream price linkage mechanism. As the price alignment mechanism extends to broader regions and with oversupply at the macro level, it is expected that the upstream gas price will gradually decline. Coupled with rapid downstream market expansion, the Group is expected to record growth in both sales volume and gross profit, enhancing overall profit performance.

2025 marks the conclusion of the “14th Five-Year Plan” and the Seven-Year Action Plan for Increasing Oil and Gas Reserves and Production (《油氣增儲上產七年行動計劃》). The upstream natural gas development will continue to adopt the high-quality growth strategy of “expanding production in new areas while maintaining stable output in existing fields,” and the overall industrial production is expected to sustain steady growth. The Group will continue to pursue its diversified gas sourcing strategy, deepen collaboration with its main upstream gas suppliers, and strengthen resource allocation capabilities. Leveraging our well-established integrated upstream-downstream industrial chain, the Group will ensure secure and stable basic supply while enhancing flexibility in responding to market fluctuations, thereby continuously improving the Group’s competitiveness.

While the Group’s main gas business continues to develop steadily, the Group will accelerate the growth of its value-added service business. After more than four years of dedicated effort, the value-added service business has become one of the main businesses of the Group. In the first half of 2025, both the revenue and gross profit of the overall value-added service business increased by 7% year-on-year. Notably, the revenue and gross profit generated from the sales of gas appliances under the Group’s domestic brand “Taiyuejia (泰悦佳)” increased by 39% and 91% year-on-year respectively. Revenue from insurance agency services and maintenance services grew by 20% and 31% year-on-year, with gross profit increasing by 14% and 60% year-on-year. Affected by the real estate industry, the business of small-scale assembling services saw a 11% and 17% year-on-year decrease in revenue and gross profit, but the overall gross profit of the business remained stable. Mainland China issued the Circular on Promoting Home Renovations and Kitchen and Bathroom Makeovers in 2025 (《關於做好2025年家裝廚衛「煥新」工作的通知》) jointly with the six government departments including the Ministry of Commerce in January this year, clearly stating its “support for individual consumers in purchasing materials and items for old home renovations, partial upgrades, and elderly-friendly makeovers”. This policy will boost the overall growth of the value-added service business. Furthermore, the Group is expanding the scope of its value-added services, enriching the range of product offerings of “Taiyuejia (泰悦佳)” brand, launching a new kitchen decoration business, and planning to complete the establishment of an e-commerce platform in the second half of the year. Driven by the national policies and the Group’s proactive planning, the value-added service business is expected to rapidly develop into a new driver of profit growth.

To further refine the Group’s financial management and reduce overall financing costs, the Group has effective management over interest rates on existing loans by diversifying financing channels and continuously optimizing the Group’s financing structure. During the Period, Tianjin Clean Energy, a wholly-owned subsidiary of the Company, was granted RMB medium-term liquidity loans by a number of banks, with interest rates significantly lower than the one-year Loan Prime Rate (“LPR”).

In the first half of 2025, the Group recorded a composite financing interest rate of 4.67%, representing a 0.62 percentage point decrease from the end of 2024. The interest expenses decreased by HK\$26.87 million compared to the corresponding period last year, laying a solid financial foundation for the Group’s future strategic development.

In the second half of 2025, Mainland China's natural gas market is expected to face increasing domestic gas and piped gas supply, while LNG imports may be constrained by high international prices and weak demand. Stimulated by the recovering domestic economy, end-user consumption demand is expected to improve gradually. The Group will focus on securing stable growth in its main city gas business while accelerating the development of the value-added service business. At the same time, it will expedite the implementation of integrated energy model projects, thereby driving its transformation into a comprehensive energy services provider. The Company is confident in achieving a steadily recovering profit growth in 2025, bringing shareholders and investors consistent and attractive returns.

FINANCIAL REVIEW

Gross Profit Margin

During the Period, the gross profit of the Group was approximately HK\$310 million (for the six months ended 30 June 2024: approximately HK\$343 million) and the gross profit margin for the Group was 10.6% (for the six months ended 30 June 2024: 9.7%).

During the Period, the gross profit margin increased compared with the corresponding period last year, mainly because of the increase of gross profit margin from sales of piped natural gas.

Administrative Expenses

Administrative expenses of the Group during the Period were approximately HK\$90 million, representing an increase of approximately HK\$8 million or 10% as compared to approximately HK\$82 million for the corresponding period last year.

Profit Attributable to Owners of the Company

The profit attributable to owners of the Company was approximately HK\$173 million during the Period, representing an increase of approximately HK\$5 million or 3% as compared to approximately HK\$168 million for the corresponding period last year. The increase in profit attributable to owners of the Company was mainly due to (i) the increase in other gains; and (ii) the lower finance costs for the six months ended 30 June 2025.

Basic earnings per share of the Company for the Period were HK\$12.54 cents, representing an increase of HK\$0.13 cents as compared to HK\$12.41 cents for the corresponding period last year.

Liquidity and Financial Resources

The Group financed its liquidity requirements primarily through cash flow generated from operating activities and proceeds from interest-bearing bank loans and other borrowings.

As at 30 June 2025, the total borrowings of the Group were HK\$3,706,434,000 (as at 31 December 2024: HK\$3,329,524,000) and the cash and bank deposits of the Group amounted to approximately HK\$391,851,000 (as at 31 December 2024: HK\$415,125,000), including cash and cash equivalents of approximately HK\$325,767,000, term deposits of approximately HK\$35,003,000 and restricted bank deposits of approximately HK\$31,081,000. As at 30 June 2025, the Group had consolidated current assets of approximately HK\$1,056,238,000 and its current ratio was 0.29. As at 30 June 2025, the Group had a gearing ratio of approximately 58% (as at 31 December 2024: 56%). This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings and lease liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents and term deposits. Total capital is calculated by adding total equity and net debt. To effectively manage the Group's liquidity risks, the Company is reviewing the existing loans of the Group to be repayable in 2025 and will negotiate with potential funding parties, when appropriate, to secure more competitive interest rates to refinance its borrowings under the current financing arrangements.

Borrowings Structure

As at 30 June 2025, the total borrowings of the Group amounted to HK\$3,706,434,000, of which 18% were denominated in USD and 82% denominated in RMB (as at 31 December 2024: HK\$3,329,524,000, of which 20% were denominated in USD and 80% denominated in RMB).

Syndicated borrowing was denominated in USD, carrying interest at the rate of SOFR plus 2.35% per annum. Secured borrowings from PRC banks were denominated in RMB and carried interest rates from 3.20% to 5.00% per annum. Unsecured borrowings from banks were denominated in RMB, carrying interest rates from 2.8% to 2.35% plus Hong Kong InterBank Offered Rate (“**HIBOR**”) per annum. Other secured borrowings carry interests at the rates ranging from 3.4% to 3.85% per annum. 25% of the borrowings are in fixed interest rate and 75% of the borrowings are in floating rates. As at 30 June 2025, short-term borrowings and the current portion of long-term borrowings amounted to HK\$1,856,964,000, while the remainder were long-term borrowings falling due after one year or above.

Particulars of bank and other borrowings of the Group as at 30 June 2025 are set out in Note 18 to this results announcement. The net loan proceeds are for refinancing the indebtedness and for financing general corporate funding requirements of the Group.

Directors' Opinion on Sufficiency of Working Capital

As at 30 June 2025, the Group's current liabilities exceeded its current assets by approximately HK\$2,536,894,000. The Group's ability to continue as a going concern largely depends on the sufficiency of financial resources available to the Group. The Directors are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 1 July 2025.

Exposure to Exchange Rate Fluctuations

The majority of the Group's transactions are denominated in the functional currency of the respective group entities. Part of the deposits and bank borrowings of the Group are denominated in HK Dollars and US Dollars which expose the Group to certain foreign currency risks. For the period ended 30 June 2025, net foreign exchange gain for the financing activities amounted to approximately HK\$11 million.

The Group does not currently have a foreign currency hedging policy. However, the management of the Company has been monitoring foreign exchange risks and will consider hedging significant foreign currency exposure should the need arise.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and remained steadfast in its commitment to prudent capital and cash flow management to maintain a strong and healthy liquidity position for the period ended 30 June 2025.

Charge on the Group's Assets

As at 30 June 2025, 50% of the equity interest of Tianjin Clean Energy were pledged amounting to approximately HK\$658,353,000 as security for other borrowing. In addition, as at 30 June 2025, the Group had restricted bank deposits of HK\$31,081,000 (as at 31 December 2024: HK\$11,107,000).

The net carrying amount of pipelines and equipment as at 30 June 2025 amounting to approximately HK\$347,729,000 were pledged as security for the other borrowings. Details of the Group's borrowings are set out in Note 18 to this results announcement.

Final Dividend

Based on the annual profit of the Company for the year ended 31 December 2024 and taking into account the financial position of the Company, the Board recommended a final dividend of HK\$0.076 per ordinary share for the year ended 31 December 2024 (the **"2024 Final Dividend"**) (a final dividend of HK\$0.076 per ordinary share was recommended for the year ended 31 December 2023). The 2024 Final Dividend amounted to approximately HK\$104,428,000 (2023 Final Dividend: approximately HK\$102,827,000) was approved by the holders of ordinary shares (the **"Shareholders"**) at the annual general meeting of the Company for the year ended 31 December 2024 held on 9 May 2025 (the **"2025 AGM"**), and the sum of approximately HK\$104,426,000 pertaining to the 2024 Final Dividend was paid on 10 June 2025.

Interim Dividend

The Board does not declare any interim dividend for the Period (for the six months ended 30 June 2024: nil).

Contingent Liabilities

As at 30 June 2025, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS

During the Period, the Company did not hold any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, there were no material acquisitions or disposals of subsidiaries and associated companies by the Group.

IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD

There are no important events affecting the Group which have occurred after the end of the financial period ended 30 June 2025 and up to the date of this results announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently does not have any future plans for material investments or capital assets.

EMPLOYEES

As at 30 June 2025, the Group had a total of 1,740 employees (as at 31 December 2024: 1,746). During the Period, the salaries and wages of the employees were approximately HK\$139 million (for the six months ended 30 June 2024: approximately HK\$121 million) and among these, approximately HK\$21 million was recorded as research and development expenses (for the six months ended 30 June 2024: approximately HK\$23 million).

REMUNERATION POLICY

We recognize that our Group's success depends on the contributions of our employees, whom we consider invaluable assets to the Group. The Group is committed to offering competitive remuneration packages while fostering a fair, inclusive, and safe working environment for all employees. The Group prioritizes work safety and occupational health by adhering to laws and regulations, implementing a comprehensive safety management system, and fostering a culture of safety through training and performance assessments.

The remuneration of the employees of the Group is determined by reference to the market rates, and the performance, qualification and experience of the relevant employee. In addition, a discretionary bonus based on individual performance during the year is distributed to reward the contributions of employees to the Group. The Group provides training opportunities and other benefits to its employees, including pension insurance, unemployment insurance, injury insurance, medical insurance, maternity insurance and housing fund, etc.

Furthermore, a share option scheme was adopted by the Company on 13 January 2021 as an incentive and award plan for directors, senior management personnel and eligible employees of the Group.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises four independent non-executive Directors, namely Mr. LAU Siu Ki, Kevin, Mr. IP Shing Hing, *B.B.S., J.P.*, Professor Japhet Sebastian LAW and Dr. TANG Lai Wah, and Mr. LAU Siu Ki, Kevin, the chairman of the committee, and Dr. TANG Lai Wah are qualified accountants. The Audit Committee has reviewed the unaudited consolidated results of the Group for the Period and has provided advice and comments on the interim report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings as referred to in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Trading of the Company’s securities by the Directors shall be approved by the chairman of the Board and shall be entered into in accordance with the approved time frame and number of securities.

All Directors have confirmed, following specific enquiries by the Company, that they had complied with the required standard of dealings as set out in the Model Code and the Company’s Code of Conduct during the Period.

CORPORATE GOVERNANCE CODE

During the Period, the Company had complied with the applicable code provisions set out in the Corporate Governance Code set out in Appendix C1 to the Listing Rules.

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025, pursuant to the general mandate to repurchase shares approved by the Shareholders of the Company at the 2024 annual general meeting and 2025 annual general meeting, the Company repurchased a total of 3,138,000 ordinary shares of the Company (“**Repurchased Shares**”) on The Stock Exchange of Hong Kong Limited for an aggregate consideration of approximately HK\$3,417,520 after deducting expenses. The Repurchased Shares were subsequently held by the Company as treasury shares. The repurchases were effected for the enhancement of the net asset value per share and/or earnings per share of the Company. Details of the Repurchased Shares are as follows:

Month of purchase in 2025	Purchase consideration per Repurchased Share			
	No. of Shares purchased	Highest price paid (HK\$)	Lowest price paid (HK\$)	Aggregate consideration paid (HK\$)
January	816,000	1.16	1.06	918,080
March	1,060,000	1.12	1.05	1,155,020
April	806,000	1.14	1.02	875,820
May	256,000	1.04	1.01	262,620
June	200,000	1.06	1.01	205,980
Total	<u>3,138,000</u>			<u>3,417,520</u>

During the Period, in view of the fulfillment of the conditions for redemption of the redeemable non-voting preference shares at par value of HK\$50 each (“**Redeemable Preference Shares**”) under the bye-laws of the Company and having considered the financial position of the Group, the Board of the Company resolved to redeem 480,650 Redeemable Preference Shares from TEDA HK as disclosed in the announcement of the Company dated 19 June 2025, at the redemption amount of HK\$50 per Redeemable Preference Share, amounting in aggregate to HK\$24,032,500. The aforesaid redemption has not yet been paid for and the Redeemable Preference Shares involved have not yet been redeemed as at the date of this results announcement.

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

By order of the Board
BINHAI INVESTMENT COMPANY LIMITED
Gao Liang
Executive Director

Hong Kong, 22 August 2025

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. ZHANG Wang, Mr. WANG Xin and Mr. GAO Liang, three non-executive Directors, namely, Mr. ZHANG Chang Liang, Mr. SHEN Hong Liang and Mr. XIA Bin Hui, and four independent non-executive Directors, namely, Mr. IP Shing Hing, B.B.S., J.P., Mr. LAU Siu Ki, Kevin, Professor Japhet Sebastian LAW and Dr. TANG Lai Wah.

** For identification purposes only*