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		
	2026	2025	Change %
Total volume of Natural Gas Sales *(million cubic metres)*	**30,156**	29,095	3.65
Retail Gas Sales *(million cubic metres)*	**16,381**	16,666	(1.71)
	RMB'million	*RMB'million*	
Revenue	**100,042**	97,543	2.56
Profit before income tax expense	**6,782**	6,737	0.67
Profit for the period attributable to shareholders of the Company	**3,306**	3,161	4.59
EBITDA *(note 1)*	**9,478**	9,523	0.47
	RMB'cent	*RMB'cent*	
Earnings per share (Basic)	**38.31**	36.51	4.93
Dividend per share – Interim	**19.16**	16.60	15.42

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 2026 (the "**Period**") are as follows:

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2026	2025
	Note	***RMB'million***	*RMB'million*
Revenue	*3*	**100,042**	97,543
Other gains, net		**473**	381
Interest income		**328**	337
Purchases, services and others		**(87,348)**	(84,778)
Employee compensation costs		**(2,837)**	(2,850)
Depreciation, depletion and amortisation		**(2,748)**	(2,800)
Other selling, general and administrative expenses		**(1,414)**	(1,121)
Taxes other than income taxes		**(245)**	(216)
Interest expenses	*4*	**(276)**	(323)
Share of profits less losses of:			
– Associates		**462**	294
– Joint ventures		**345**	270
Profit before income tax expense	*5*	**6,782**	6,737
Income tax expense	*6*	**(1,738)**	(1,735)
Profit for the Period		**5,044**	5,002
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
– Fair value (losses)/gains on other financial assets (non-recycling), net of tax		**(72)**	19
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements, net of nil tax, of:			
– Subsidiaries		**(68)**	9
– Associates		**(54)**	(54)
– Joint ventures		**(41)**	(6)
Other comprehensive loss for the Period		**(235)**	(32)
Total comprehensive income for the Period		**4,809**	4,970

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		Six months ended 30 June	
		2026	2025
	Note	***RMB'million***	*RMB'million*
Profit for the Period attributable to:			
– Shareholders of the Company		**3,306**	3,161
– Non-controlling interests		**1,738**	1,841
		5,044	5,002
Total comprehensive income for the Period attributable to:			
– Shareholders of the Company		**3,109**	3,145
– Non-controlling interests		**1,700**	1,825
		4,809	4,970
Basic and diluted earnings per share for profit attributable to shareholders of the Company *(RMB cent)*	*7*	**38.31**	36.51

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2026** *RMB million*	31 December 2025 *RMB million*
Assets			
Non-current assets			
Property, plant and equipment		**64,286**	65,718
Investments in associates		**8,941**	9,023
Investments in joint ventures		**6,399**	6,175
Intangible assets		**1,242**	1,240
Financial assets at fair value through other comprehensive income		**270**	359
Other non-current assets		**2,317**	2,010
Deferred tax assets		**1,047**	967
		84,502	85,492
Current assets			
Inventories		**1,312**	1,037
Accounts receivable	*9*	**3,686**	3,755
Prepayments and other current assets		**8,026**	9,226
Time deposits with maturities over three months		**8,111**	13,329
Cash and cash equivalents		**39,957**	31,280
		61,092	58,627
Total assets		**145,594**	144,119
Equity			
Capital and reserves attributable to shareholders of the Company			
Share capital		**70**	71
Retained earnings		**36,065**	34,278
Other reserves		**33,261**	33,408
		69,396	67,757
Non-controlling interests		**24,212**	24,520
Total equity		**93,608**	92,277

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	30 June 2026 RMB million	31 December 2025 RMB million
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	*10*	**25,125**	24,848
Income tax payable		**705**	741
Other taxes payable		**870**	887
Short-term borrowings		**7,033**	7,067
Lease liabilities		**285**	269
		34,018	33,812
Non-current liabilities			
Long-term borrowings		**13,637**	13,676
Deferred tax liabilities		**2,041**	2,037
Lease liabilities		**350**	408
Other liabilities		**1,940**	1,909
		17,968	18,030
Total liabilities		**51,986**	51,842
Total equity and liabilities		**145,594**	144,119
Net current assets		**27,074**	24,815
Total assets less current liabilities		**111,576**	110,307

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

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 2026 (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 25 August 2026.

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 2026:

- Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments;
- Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Contracts referencing nature dependent electricity;
- Annual improvements to HKFRSs – Volume 11

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, LNG Processing and Terminal, Sales of LPG, and Exploration and Production.

The Natural Gas Sales segment is engaged in the retail sales, distribution and trading of various natural gas products. LNG Processing and Terminal segment is engaged in the processing, unloading, storing, gasification and entrucking of LNG. The Sales of LPG segment is engaged in the wholesale and retail sales of LPG products. 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 2025 is as follows:

	Natural Gas Sales *RMB'million*	LNG Processing and Terminal *RMB'million*	Sales of LPG *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 2026							
Gross revenue	83,521	4,876	12,508	94	–	–	100,999
Less: Inter-company adjustment	(842)	(3)	(112)	–	–	–	(957)
Revenue from external customers	82,679	4,873	12,396	94	–	–	100,042
Segment results	3,712	1,765	657	40	(199)	–	5,975
Share of profits less losses of:							
– Associates	303	–	(2)	161	–	–	462
– Joint ventures	212	–	–	130	3	–	345
Profit/(loss) before income tax expense	4,227	1,765	655	331	(196)	–	6,782
Segment results included:							
– Interest income	268	58	3	2	143	(146)	328
– Depreciation, depletion and amortisation	(1,893)	(775)	(41)	(14)	(25)	–	(2,748)
– Interest expenses	(310)	(64)	(7)	–	(41)	146	(276)
– Net exchange (losses)/gains	(1)	–	–	1	26	–	26
As at 30 June 2026							
Segment assets	89,073	17,924	5,941	888	15,111	–	128,937
Investments in associates	7,773	130	524	514	–	–	8,941
Investments in joint ventures	4,976	–	–	1,367	56	–	6,399
Additions to non-current segment assets during the Period	974	1,023	–	9	–	–	2,006
Additions to non-current segment assets through acquisition of subsidiaries during the Period	–	–	–	–	–	–	–

	Natural Gas Sales *RMB'million*	LNG Processing and Terminal *RMB'million*	Sales of LPG *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 2025							
Gross revenue	80,971	5,109	13,110	74	–	–	99,264
Less: Inter-company adjustment	(893)	(738)	(90)	–	–	–	(1,721)
Revenue from external customers	80,078	4,371	13,020	74	–	–	97,543
Segment results	3,974	1,835	538	18	(192)	–	6,173
Share of profits less losses of:							
– Associates	262	1	6	25	–	–	294
– Joint ventures	241	–	–	18	11	–	270
Profit/(loss) before income tax expense	4,477	1,836	544	61	(181)	–	6,737
Segment results included:							
– Interest income	258	73	–	4	206	(204)	337
– Depreciation, depletion and amortisation	(1,939)	(783)	(49)	(13)	(16)	–	(2,800)
– Interest expenses	(335)	(99)	(1)	–	(92)	204	(323)
– Net exchange losses	(12)	–	–	(2)	(22)	–	(36)
As at 31 December 2025							
Segment assets	88,254	18,368	6,247	922	13,804	–	127,595
Investments in associates	7,942	130	523	428	–	–	9,023
Investments in joint ventures	4,843	–	–	1,278	54	–	6,175
Additions to non-current segment assets during the Period	3,612	1,843	–	32	17	–	5,504
Additions to non-current segment assets through acquisition of subsidiaries during the Period	110	–	–	–	–	–	110

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 2025, 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, LNG processing and terminal business, sales of LPG and sales of crude oil.

4 INTEREST EXPENSES

	Six months ended 30 June	
	2026	2025
	RMB million	*RMB million*
Interest expenses	**285**	339
Less: amounts capitalised	**(9)**	(16)
Total interest expenses	**276**	323

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 2.60% per annum for the Period (the same period of 2025: 3.13%).

5 PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2026	2025
	RMB million	*RMB million*
Amortisation of intangible assets	**40**	40
Depreciation and depletion of		
– owned property, plant and equipment	**2,446**	2,495
– right-of-use assets	**262**	265
Cost of inventories recognised as expense	**87,384**	84,816
Impairment/(reversal of) loss on accounts receivable	**128**	(29)

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB million	*RMB million*
Current tax		
– PRC	**1,749**	1,728
– Overseas	**39**	11
	1,788	1,739
Deferred tax	**(50)**	(4)
	1,738	1,735

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 2025: 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 2025: 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 2025: 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 RMB3,306 million (the same period of 2025: RMB3,161 million), and weighted average number of ordinary shares in issue during the Period of approximately 8,630 million shares (the same period of 2025: 8,659 million shares).

(b) Diluted earnings per share for the Period and the same period of 2025 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 2024 of RMB15.17 cents per share, amounting to a total of approximately RMB1,314 million, were 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.

(b) Final dividend attributable to shareholders of the Company in respect of 2025 of RMB14.98 cents per share, amounting to a total of approximately RMB1,297 million, was approved by the shareholders in the Annual General Meeting on 28 May 2026. The amount is based on approximately 8,659 million shares in issue as at 24 March 2026 which was paid on 21 July 2026.

With reference to the Company's announcement dated 28 May 2026, shareholders were given an option to receive the dividend either in RMB or in HKD.

(c) At the meeting on 25 August 2026, the Board of Directors has declared a payment of an interim dividend attributable to shareholders of the Company for the Period of RMB19.16 cents per share, amounting to a total of approximately RMB1,652 million (the same period of 2025: RMB16.60 cents per share, amounting to a total of approximately RMB1,437 million). The amount is based on approximately 8,620 million shares in issue as at 25 August 2026.

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 2026 *RMB million*	31 December 2025 *RMB million*
Within 3 months	**2,088**	2,525
Between 3 to 6 months	**318**	87
Between 6 to 12 months	**331**	549
Over 12 months	**949**	594
	3,686	3,755

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 2026 *RMB million*	31 December 2025 *RMB million*
Accounts payable	**3,229**	3,348
Contract liabilities	**10,492**	12,856
Salaries and welfare payable	**852**	318
Accrued expenses	**163**	11
Dividends payable	**2,176**	205
Interest payable	**84**	113
Construction fee and equipment cost payables	**5,160**	4,812
Amounts due to related parties		
– Non-controlling interests	**1**	1
– Others	**1**	1
Other payables	**2,967**	3,183
	25,125	24,848

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

	30 June 2026 *RMB million*	31 December 2025 *RMB million*
Within 3 months	**2,423**	2,537
Between 3 to 6 months	**163**	495
Over 6 months	**643**	316
	3,229	3,348

CHAIRMAN'S STATEMENT

Since the beginning of this year, the geopolitical situation in the Middle East has continued to evolve amidst persistent turmoil, dealing a severe blow to the global energy industry chain and supply chain. Suppressed by the pass-through effect of high international gas prices, overall demand in the domestic natural gas market remained weak. In the first half of the year, national apparent natural gas consumption amounted to 206.85 billion cubic metres, representing a year-on-year decline of 2.4%, with city gas enterprises generally under pressure. Facing a severe and complex external environment, the Company accurately assessed the changes, responded scientifically, and proactively sought adaptation. Leveraging our upstream-downstream integrated advantages, we seized the opportunity of energy substitution in the transportation sector, achieving counter-trend growth in LNG sales and LNG plant processing volumes. We also achieved price pass-through and enhanced efficiency in LPG and crude oil, effectively offsetting the impact of weakening city gas demand. The Company's core businesses complemented and coordinated with one another, further demonstrating our operational resilience. During the reporting period, the Company's four major business segments (natural gas sales, LNG processing and terminal, LPG sales, and exploration and production) complemented one another, delivered all-round profitability, and steadily consolidated our foundation, achieving steady year-on-year growth in overall operating results.

In the first half of the year, the Company recorded an operating revenue of RMB100,042 million, representing a year-on-year increase of 2.56%. Profit before income tax amounted to RMB6,782 million, representing a year-on-year increase of 0.67%; profit attributable to shareholders was RMB3,306 million, representing a year-on-year increase of 4.59%, with basic earnings per share of RMB38.31 cents, representing a year-on-year increase of 4.93%. Operating cash flow amounted to RMB6,213 million, representing a year-on-year increase of 41.66%. The ample and robust net cash flow laid a solid foundation for the Company's green and low-carbon transition, industrial upgrading and layout, and sustained returns to investors.

BUSINESS REVIEW

Natural Gas Sales Business: Expanding markets, optimising structure and enhancing efficiency, with operating performance outperforming the general trend. In the first half of the year, the Company's LNG sales volume surged by 42.6% year-on-year, effectively addressing the operating pressure arising from weakened gas demand from certain industrial sectors. Facing the market environment of narrowing sales spreads, the Company continuously optimised the business structure and streamlined the terminal price pass-through mechanism. Six city gas project companies in Hubei, Hunan, Yunnan and other provinces implemented residential gas price pass-through, achieving a residential gas price pass-through rate of 72% and further expanding the profit margin from retail business spreads. The Company adhered to a dual-pronged approach of tapping existing potential and expanding incremental opportunities, adding 3 new city gas projects with an additional sales capacity of 54.6 million cubic metres per annum. New projects targeting industrial users are being actively developed in Sichuan, Liaoning and other provinces and are expected to be progressively commissioned in the second half of the year. End-user development was advanced in depth, with 298,700 new households added, bringing the cumulative scale to 17.4904 million households. The Company intensified marketing efforts for our self-branded gas appliance products, with sales of the Kunlunger series increasing by 15.2% year-on-year. The timely response rate and on-time completion rate for customer services rose to 99.5% and 98.8%, respectively, steadily reinforcing our capacity to safeguard services for people's livelihoods.

In the first half of the year, the Company's total natural gas sales volume reached 30.156 billion cubic metres, representing a year-on-year increase of 3.65%; of which retail gas sales volume amounted to 16.381 billion cubic metres, representing a year-on-year decrease of 1.71%, mainly due to reduced gas consumption from certain industrial sectors. Revenue amounted to RMB82,679 million, representing a year-on-year increase of 3.25%; profit before income tax was RMB4,227 million, representing a year-on-year decrease of 5.58%.

LNG Processing and Terminal Business: Adjusting structure, optimising operations and increasing utilisation, with the core business position continuing to consolidate. The Company coordinated the integrated and synergistic operation of the entire LNG sales, processing and terminal industry chain, strengthening internal management coordination, industrial resource linkages and downstream market development. The scale of LNG external sales grew steadily, with full capacity released from self-operated processing plants. The plants at Huanggang, Tai'an, among others, completed technical upgrades and equipment overhauls, significantly enhancing their capacity for long-term, safe and stable operation. In the first half of the year, a total of 13 LNG plants processed 2.273 billion cubic metres of natural gas, representing a year-on-year increase of 29.74%, with an average utilisation rate of 78.1%, setting a new operational record since commissioning. Offshore refuelling volume hit a new record high, with a total volume of 94,000 tonnes, representing a year-on-year increase of 26.0%. The LNG gasification and truck-loading volume at the Jiangsu and Jingtang LNG terminals amounted to 7.210 billion cubic metres, representing a year-on-year decrease of 8.72%, primarily due to a temporary imbalance in the arrival schedule of overseas long-term contract and spot LNG cargoes caused by geopolitical disruptions in the Middle East.

In the first half of the year, the Company's LNG processing and terminal business recorded revenue of RMB4,873 million, representing a year-on-year increase of 11.48%; profit before income tax amounted to RMB1,765 million, representing a year-on-year decrease of 3.87%.

LPG Sales Business: Securing resources, expanding direct supply and improving spreads, with market-oriented resource value creation capabilities steadily rising. Leveraging stable supporting resources from our parent company, the Company spared no effort to mitigate the impact of reduced overseas resource volumes caused by the Middle East situation. The Company further tapped into the potential of LPG procurement from oil and gas fields, recording a year-on-year increase in acquisition volume of resources from oil and gas fields by 89,000 tonnes, or 21%. We strengthened market analysis, seized the upward price window to implement price pass-through and drive sales growth, and achieved a substantial year-on-year increase in comprehensive purchase-sales spread. We continued to optimise cross-regional resource allocation and seized opportunities from the diversified development of chemical applications, adding 5 new industrial direct-supply customers in the first half of the year with sales volume increasing by 213,000 tonnes year-on-year. During the reporting period, terminal sales volume increased by 129,000 tonnes year-on-year, with our share rising by 8.7%, further optimising the LPG sales structure.

In the first half of the year, the Company achieved LPG sales volume of 2.7415 million tonnes, representing a year-on-year decrease of 10.65%; revenue of RMB12,396 million, representing a year-on-year decrease of 4.79%; and profit before income tax of RMB655 million, representing a year-on-year increase of 20.40%.

Exploration and Production Business: Stabilising production capacity, controlling operations and enhancing efficiency, with rising oil prices driving performance growth. In the first half of the year, the Company's upstream oil and gas projects in Oman, Kazakhstan and Thailand maintained stable production and operations, with overall continued improvement in asset financial positions. The Company's equity crude oil sales volume was 4.043 million barrels, representing a year-on-year decrease of 1.94%. Benefiting from the rise in the international crude oil price pivot, the average composite export selling price of crude oil increased to US$71.6/barrel from US$62.9/barrel in the same period of last year. Profit before income tax amounted to RMB331 million, representing a year-on-year increase of 442.62%.

SUSTAINABLE DEVELOPMENT

Implementing ESG concepts to build a solid foundation for long-term, stable development: The Company has continuously improved its systematic ESG management framework, encompassing strategic guidance, institutional safeguards, practical implementation, and value demonstration. External recognition continued to rise, with the WIND ESG rating successfully upgraded to AAA, making the Company rank the first in the sector. The "Wenfeng Luyuan" project won third place in the Golden Key SDG Roadshow organised by the Ministry of Commerce's Sustainable Development Economic Guide, and will be presented at CBD COP17 of the United Nations. The Company strengthened the top-level framework by issuing two special ESG management measures, establishing an ESG Management Working Committee and special working groups, and refining the ESG management system. We appointed a Lead Independent Non-Executive Director to strengthen the Board's independent oversight function, improved the internal control and risk prevention system, and flexibly utilised market value management tools to safeguard the medium- and long-term value of all shareholders. We published the ESG Strategy White Paper, clarifying our medium- and long-term ESG plans, and released our ESG report for the tenth consecutive year, enhancing transparency in information disclosure. We deepened our responsible practices by regularly advancing energy-saving and technical retrofit projects at LNG terminals and various gas stations, keeping total emissions of major pollutants within annual targets. We proactively positioned ourselves in low-carbon sectors such as biomass, natural gas, and green methanol, and systematically researched carbon asset management and hydrogen blending technology for natural gas pipelines. We intensified the special campaign to manage city gas pipelines "operating with risks" and the three-year action plan to tackle root causes of production safety issues, effectively improving intrinsic safety levels. We also iteratively upgraded the employee health management platform, organised major disease screenings and comprehensive health education programmes, effectively safeguarding employees' wellbeing.

Focusing on gas-fired power and new energy business layout to broaden the space for green transition development: The Company has identified gas-fired power and new energy businesses as core transformation tracks in our "15th Five-Year Plan", closely aligning with the national strategy for fostering new quality productive forces, and is steadily advancing the iterative upgrade of a "gas-liquid-electricity-new energy" multi-energy complementary business structure. As of 30 June, the cumulative number of commissioned gas-fired power projects reached 20, with power generation of 10.21 billion kWh in the first half of the year; the cumulative number of commissioned distributed photovoltaic projects reached 110, with power generation of 12.152 million kWh in the first half of the year. During the reporting period, the Company obtained 100,000 kW of new energy quotas, the newly operational Datang Jinhua No. 2 gas-fired power project reached an installed capacity of 748,000 kW. Proactively seizing opportunities from zero-carbon industrial park development, the Company's Sichuan subsidiary pioneered a "zero-carbon natural gas" sales model, and our Hainan subsidiary achieved carbon-neutral operations at the LNG reserve pools, demonstrating the Company's firm commitment and strong capability in the strategic transition from traditional fossil fuel sales to a comprehensive green energy supplier.

Deepening AI empowerment to establish a new paradigm of smart operations: The Company has intensively implemented the "Artificial Intelligence+" initiative, emphasising both the development of smart sales soft power and the enhancement of smart plant hardware, which horizontally covers four major business areas of safety production, intelligent customer service, metering operations and intelligent marketing, and vertically integrates three core value-creation strategies of sales growth and efficiency enhancement, quality services and safe operations. We have built 5 intelligent application scenarios, including an integrated safety production intelligent management and control system, comprehensive intelligent monitoring of stations and pipelines, and an intelligent assistant for indoor gas safety inspections, among others, unleashing the value potential of AI in driving quality and efficiency improvements across the entire industry chain. We accelerated the development of smart plants, with the Jingtang LNG terminal being recognised as an advanced-level smart plant by China National Petroleum Corporation, receiving authoritative acknowledgement of our digital operation capabilities. We systematically advanced information enhancement and digital empowerment initiatives, with four major digital intelligence projects, including intelligent forecasting of natural gas market demand, being approved and implemented. We promoted the rollout of the production and operation platform across all sectors, completed the full launch of the Kunlun ERP system, and successfully upgraded core functions including three-tier subdivision of sales data statistics, precise disaggregation of industrial gas consumption, and the launch of the city gas AI daily report model, achieving dual improvements in management efficiency and lean management driven by digital technology.

OUTLOOK

In the second half of the year, the external environment will remain complex and severe, with economic operations facing new challenges. Instability in international natural gas production and supply chains, along with uncertainty in market supply and demand, remain high. The Ecological and Environment Code explicitly includes natural gas and LPG within the statutory scope of clean alternative energy sources, which helps unlock demand for industrial and heating gas consumption. The "15th Five-Year Plan" for the Development of Oil and Gas Industries issued on 17 August explicitly encourages the orderly and efficient use of natural gas in the industrial sector. It supports the role of natural gas in providing stable support for the new power system and provides policy guidance for the sustainable development of the city gas business. As the price linkage mechanism between upstream and downstream natural gas prices is deeply rationalised across various regions, and provincial pipeline networks are gradually integrated into the national pipeline network through market-oriented approaches, the stable development of the city gas industry will be further safeguarded. Natural gas has significant advantages as a clean, low-carbon, flexible, and efficient energy source. Sectors such as gas-fired power generation, LNG-fuelled vehicles and vessels, and the coordinated development of natural gas with new energy offer greater development space for natural gas and will play a more significant role in ensuring energy security, building a new energy system, and driving the green transition.

We uphold long-termism, foster resilient value, and are committed to becoming a responsible, accountable, high-quality and respected energy enterprise. The Company will adapt to changing circumstances, strengthen strategic pre-positioning, continue to consolidate our core integrated advantages in the natural gas industry chain, and accelerate the development of a comprehensive green energy supply system. We will remain focused on our principal businesses and responsibilities, continue to develop and strengthen multiple growth drivers across our major businesses, empower operations and management through digital transformation, and pursue sustainable development through ESG-based green governance. With the support of multiple favourable policies, the Company is fully confident in achieving our annual performance targets and future development. We will coordinate efforts to achieve both reasonable expansion of business scale and simultaneous enhancement of development quality and efficiency, seize every favourable opportunity and leverage all favourable conditions, to fully unleash professional management capabilities, deepen reforms, continuously optimise innovation and enhance management, striving to achieve tangible results in the four areas and secure a strong start to the "15th Five-Year Plan".

To resolutely strengthen our principal business of terminal gas and consolidate the foundation for profitability. The Company will focus on the core racetrack of city gas business, tackle difficulties in developing high-value industrial parks and high-quality integrated city gas projects, with a particular focus on tapping high-value customer resources in new energy manufacturing and high-end equipment manufacturing, striving for an early stabilisation and rebound in retail gas sales. We will continue to promote the effective implementation of terminal price pass-through mechanisms to stabilise retail spread returns. We will continue to broaden import channels for the LPG business, strive to achieve stable volume and enhanced efficiency, deepen product segmentation and further increase the share of industrial direct supply.

To deeply tap the value of the entire chain of LNG to enhance integrated operational efficiency. To promote the standardised implementation of phased annual maintenance schedules for LNG plants, and continuously improve average plant utilisation rates through means such as AI scheduling and energy-saving technical upgrades. To accelerate the construction of supporting facilities for the offshore refuelling business and continuously optimise business layout and market development. We will coordinate the annual supply security scheduling of the Jingtang and Jiangsu LNG terminals to ensure stable, high-level operations of the facilities. We will make every effort to advance the construction of the Fujian LNG terminal project, ensuring commissioning in the first half of 2027, further optimising the layout of coastal supply security nodes, and continuously unleashing the segment's medium- and long-term earnings resilience.

To focus on green and low-carbon transition and deepen full-chain empowerment of digital and intelligent technologies. To orderly advance the quality enhancement and operation of equity-participated gas-fired power projects, spare no efforts to tackle difficulties in the development and construction of controlling gas-fired power projects, and ensure the timely commissioning of the Feixian County New Era distributed energy project. Based on key regions with superior resource endowments and complete consumption conditions, we will actively pursue new energy quotas. We will deepen collaboration with large industrial enterprises with stable electricity loads to develop distributed photovoltaic projects in industrial parks jointly. We will accelerate construction of the Liaocheng

Shenxian County and Harbin Petrochemical wind power projects to drive new energy businesses to generate substantial revenue contributions. We will deepen the implementation of "Artificial Intelligence+" applications, promoting the extension and penetration of AI across the entire business chain, including safety production, intelligent customer service, metering operations and intelligent marketing. Leveraging LNG terminals and LNG plants as vehicles, we will build a tiered matrix for smart plant development, driving operational cost reduction and efficiency enhancement through digitalisation.

To fortify the risk management and control defence line, and comprehensively improve operational management quality. The Company will make every effort to ensure the successful conclusion of the special campaign to manage city gas pipelines "operating with risks" and the three-year action plan to tackle root causes of production safety issues, firmly safeguarding the red line and bottom line of production safety. We will place high importance on collecting accounts receivable and adopt multiple measures to accelerate capital recovery. We will adhere to full-value-chain cost management and systematically reduce costs and expenses across all production and operation stages. We will strengthen the special campaign to control costs and expenses tightly, revitalise low-performing assets and continue to enhance the overall operating return on assets comprehensively.

ACKNOWLEDGEMENTS

The operating achievements in the first half of the year have not come easily. These accomplishments would not have been possible without the long-standing and steadfast trust of our shareholders, the invaluable support of our partners, and the dedication, diligence and hard work of all employees. The road ahead is long and arduous, but with persistent action, we will reach our destination; keep advancing without reluctance, the future holds great promise. The Company will anchor itself to the long-term development direction, uphold strategic determination, fully implement the five major development strategies of innovation, green development, market expansion, capital utilisation and low cost, and strive to build a new integrated development landscape encompassing "gas, liquid, electricity and new energy" within the green energy sector. At the same time, leveraging our full-industry-chain synergies and stable, ample operating cash flow, the Company will resolutely advance the share buyback programme and warmly welcome strategic capital, patient capital and long-term capital to join in the high-quality and sustainable development of Kunlun Energy. With stable investment returns, we will work hand in hand with our investors and stakeholders to navigate turbulent industrial cycles together and create long-term value through steady and sustained progress.

By order of the Board
Liu Guohai
Chairman and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2026 (the "**Period**"), the Company faced the severe operating environment of continuous impacts from international geopolitical conflicts and dual weakness in both supply and demand in the domestic natural gas market, the Company's primary natural gas sales segment effectively withstood the downward pressure, while other business segments also maintained relatively good operating results, and overall profitability achieved a steady upward trend.

Revenue

Revenue for the Period was approximately RMB100,042 million, representing an increase of 2.56% as compared with RMB97,543 million for the same period of last year. The increase was mainly due to the increase in sales volume of natural gas and the increase in the processing volume of the LNG plant, leading to an increase in the revenue of the Natural Gas Sales segment and the LNG Processing and Terminal segment.

Other gains, net

Other net gains for the Period were approximately RMB473 million. Representing an increase of 24.15% compared with RMB381 million for the same period of last year. This increase was mainly attributable to the increase in foreign exchange gains arising from the appreciation of the Renminbi against the US dollar during the Period.

Purchases, services and others

Purchases, services and others were approximately RMB87,348 million for the Period, representing an increase of 3.03% as compared with RMB84,778 million for the same period of last year. The increase was mainly due to the rise in cost of resources driven by the increase in procurement volume for natural gas.

Employee compensation costs

Employee compensation costs were approximately RMB2,837 million for the Period, representing a decrease of 0.46% as compared with RMB2,850 million for the same period of last year. Employee compensation costs maintained stable throughout the Period.

Depreciation, depletion and amortisation

Depreciation, depletion and amortisation for the Period was approximately RMB2,748 million, representing a decrease of 1.86% as compared with RMB2,800 million for the same period of last year. Depreciation, depletion and amortisation maintained reasonably stable throughout the Period.

Other selling, general and administrative expenses

Other selling, general and administrative expenses for the Period were approximately RMB1,414 million, representing an increase of 26.14% as compared with RMB1,121 million for the same period of last year. This was mainly due to the impairment provisions made against accounts receivable and other receivables, and other items during the Period.

Interest expenses

Interest expenses for the Period were approximately RMB276 million, representing a decrease of 14.55% as compared with RMB323 million for the same period of last year.

Total interest expenses for the Period were approximately RMB285 million, representing a decrease of 15.93% as compared with RMB339 million for the same period of last year. The interest expenses that were capitalised under construction-in-progress was RMB9 million, representing a decrease of 43.75% as compared with RMB16 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 RMB462 million, representing an increase of 57.14%, as compared with RMB294 million for the same period of last year. The increase was mainly due to the increase in the shared operating profits from CNPC-Aktobemunaigas Joint Stock Company ("**Aktobe**"), as a result of higher international crude oil price during the Period.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2026, the carrying value of total assets of the Group was approximately RMB145,594 million, representing an increase of RMB1,475 million or 1.02% as compared with RMB144,119 million as at 31 December 2025.

The gearing ratio of the Group was 18.5% as at 30 June 2026 as compared with 18.8% as at 31 December 2025, representing a decrease of 0.3 percentage point. It is computed by dividing the sum of interest-bearing borrowings and lease liabilities of RMB21,305 million (31 December 2025: RMB21,420 million) by the sum of total equity, interest-bearing borrowings and lease liabilities of RMB114,913 million (31 December 2025: RMB113,697 million).

As at 30 June 2026, the Group has total borrowings of RMB20,670 million which will be repayable as follows:

	30 June 2026 *RMB million*	31 December 2025 *RMB million*
Within one year	**7,033**	7,067
Between one to two years	**2,415**	3,023
Between two to five years	**10,480**	9,774
After five years	**742**	879
	20,670	20,743

PLEDGE OF ASSETS

As at 30 June 2026, the RMB1,106 million (31 December 2025: RMB939 million) borrowings were mainly pledged by natural gas charging rights.

As at 30 June 2026, certain property, plant, equipment and leasehold land of the Group amounting to RMB586 million (31 December 2025: RMB657 million) were pledged to banks for RMB218 million (31 December 2025: RMB252 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 2026, the Group had 20,609 employees globally (excluding the employees under entrustment contracts) (the same date of 2025: 22,331 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 "**2026 Interim Dividend**") of RMB19.16 cents per share (2025: RMB16.60 cents) or HKD22.07 cents per share calculated at the exchange rate of RMB1.00:HKD1.1521, 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 25 August 2026, to shareholders whose names appear on the Company's register of members (the "**Shareholders Register**") on 9 October 2026 (Friday). The payment is expected to be made on 26 November 2026 (Thursday). The 2026 Interim Dividend amounted to a total of approximately RMB1,652 million.

The 2026 Interim Dividend will be payable to each shareholder in HKD unless an election is made to receive the 2026 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 2026 Interim Dividend in RMB. If shareholders elect to receive all (but not part) of the 2026 Interim Dividend in RMB, shareholders should complete a dividend currency election form, which is expected to be despatched to shareholders on 15 October 2026 (Thursday) as soon as practicable after the record date of 9 October 2026 (Friday) to determine shareholders' entitlement to the 2026 Interim Dividend.

If an election is made by a shareholder to receive the 2026 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 26 November 2026 (Thursday) at the shareholders' own risk.

Shareholders who are minded to elect to receive the 2026 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 2026 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 2026 Interim Dividend in RMB, they should make appropriate arrangements with such nominees, trustees or registered holders in order to effect the receipt of the 2026 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 2026 Interim Dividend in RMB) shall receive the 2026 Interim Dividend in HKD.

If shareholders wish to receive the 2026 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 2026 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 6 October 2026 (Tuesday)
Closure of the Shareholders Register	From 7 October 2026 (Wednesday) to 9 October 2026 (Friday) (both days inclusive)
Record date	9 October 2026 (Friday)

During the above closure periods, no transfer of shares will be registered. To qualify for the 2026 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' AND CHIEF EXECUTIVES' 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 2025 annual report of the Company are set out below:

Mr. Liu Guohai was appointed as deputy chief economist of PetroChina Company Limited with effect from 13 July 2026.

Ms. Lyu Jing was appointed as the senior legal advisor of China National Petroleum Corporation since April 2026.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Period, the Company repurchased a total of 29,024,000 Shares on the Stock Exchange at an aggregate consideration of HKD206,832,389.20 (the "**Shares Repurchased**") to enhance the shareholder value in the long run. The 21,086,000 repurchased shares were cancelled on 25 June 2026 and 7,938,000 shares repurchased for cancellation but not yet cancelled. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of shares purchased	Price paid per Share		Aggregate Consideration
		Highest	Lowest	
		(HK$)	*(HK$)*	*(HK$)*
2026				
March	2,732,000	7.79	7.36	20,508,037.00
April	6,706,000	7.59	7.33	49,908,870.60
May	6,142,000	7.57	7.14	45,554,336.60
June	13,444,000	7.20	6.38	90,861,145.00
Total	**29,024,000**			**206,832,389.20**

Save as disclosed above, 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 2026, 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 F.1.3

Pursuant to code provision F.1.3 of the Corporate Governance Code, the Chairman of the Board should attend the annual general meeting. He should invite the chairman of the audit, remuneration, nomination committee and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. Mr. He Yongli, an executive Director and the chairman of the sustainability committee of the Company (the "**Sustainability Committee**"), was unable to attend the annual general meeting of the Company held on 28 May 2026 due to other business arrangements. Despite the absence of Mr. He, all of the remaining members of the Sustainability Committee were invited to and attended the annual general meeting of the Company held on 28 May 2026. The Board was aware of this deviation and will continue to bring the importance of attending annual general meetings to the attention of each committee's chairman and its members.

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 23 September 2026 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, 25 August 2026

As at the date of this announcement, the Board of Directors comprises Mr. Liu Guohai as the Chairman and Executive Director, Mr. He Yongli 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.