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KUNLUN ENERGY COMPANY LIMITED  
*(incorporated in Bermuda with limited liability)*  
 昆 侖 能 源 有 限 公 司

(Stock Code: 00135.HK)

**ANNOUNCEMENT OF RESULTS**  
**HIGHLIGHTS OF THE FINANCIAL RESULTS OF THE GROUP**

	<b>Six months ended 30 June</b>		
	<b>2024</b>	2023	Change%
Total volume of Natural Gas Sales (million cubic metres)	<b>26,438</b>	23,916	10.55
Retail Gas Sales (million cubic metres)	<b>16,302</b>	14,787	10.25
	<i>RMB million</i>	<i>RMB million</i>	
Revenue	<b>92,922</b>	87,072	6.72
Profit before income tax expense	<b>7,249</b>	6,791	6.74
Profit for the period attributable to shareholders of the Company	<b>3,305</b>	3,222	2.58
EBITDA ( <i>note 1</i> )	<b>9,915</b>	9,729	1.91
	<i>RMB cent</i>	<i>RMB cent</i>	
Earnings per share (Basic)	<b>38.17</b>	37.21	2.58
Dividend per share – Interim	<b>16.41</b>	NIL	N/A

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 2024 (the “Period”) are as follows:

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b><i>RMB million</i></b>	<b><i>RMB million</i></b>
Revenue	3	<b>92,922</b>	87,072
Other gains, net		<b>746</b>	239
Interest income		<b>499</b>	394
Purchases, services and others		<b>(79,752)</b>	(73,949)
Employee compensation costs		<b>(3,169)</b>	(2,628)
Depreciation, depletion and amortisation		<b>(2,754)</b>	(2,896)
Other selling, general and administrative expenses		<b>(1,230)</b>	(1,373)
Taxes other than income taxes		<b>(239)</b>	(222)
Interest expenses	4	<b>(411)</b>	(436)
Share of profits less losses of:			
– Associates		<b>335</b>	316
– Joint ventures		<b>302</b>	274
		<hr/>	<hr/>
<b>Profit before income tax expense</b>	5	<b>7,249</b>	6,791
Income tax expense	6	<b>(1,929)</b>	(1,750)
		<hr/>	<hr/>
<b>Profit for the Period</b>		<b>5,320</b>	5,041
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Other comprehensive income:</b>			
Item that will not be reclassified to profit or loss:			
– Fair value (losses)/gains on other financial assets (non-recycling), net of tax		<b>(103)</b>	37
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements, net of nil tax, of:			
– Subsidiaries		<b>(22)</b>	(15)
– Associates		<b>27</b>	(2)
– Joint ventures		<b>9</b>	54
		<hr/>	<hr/>
<b>Other comprehensive (loss)/income for the Period</b>		<b>(89)</b>	74
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total comprehensive income for the Period</b>		<b>5,231</b>	5,115
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**UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(CONTINUED)**

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b><i>RMB million</i></b>	<b><i>RMB million</i></b>
<b>Profit for the Period attributable to:</b>			
– Shareholders of the Company		<b>3,305</b>	3,222
– Non-controlling interests		<b>2,015</b>	1,819
		<u><b>5,320</b></u>	<u>5,041</u>
<b>Total comprehensive income for the Period attributable to:</b>			
– Shareholders of the Company		<b>3,218</b>	3,269
– Non-controlling interests		<b>2,013</b>	1,846
		<u><b>5,231</b></u>	<u>5,115</u>
<b>Basic and diluted earnings per share for profit attributable to shareholders of the Company (RMB cent)</b>			
	7	<u><b>38.17</b></u>	<u>37.21</u>

# UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Note</i>	<b><i>RMB million</i></b>	<i>RMB million</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>65,984</b>	68,032
Investments in associates		<b>8,005</b>	7,980
Investments in joint ventures		<b>6,251</b>	6,109
Intangible assets		<b>1,654</b>	1,755
Financial assets at fair value through other comprehensive income		<b>237</b>	360
Other non-current assets		<b>1,105</b>	1,031
Deferred tax assets		<b>1,136</b>	1,054
		<u><b>84,372</b></u>	<u>86,321</u>
<b>Current assets</b>			
Inventories		<b>1,174</b>	1,155
Accounts receivable	9	<b>2,712</b>	1,977
Prepayments and other current assets		<b>7,196</b>	8,478
Time deposits with maturities over three months		<b>17,451</b>	18,235
Cash and cash equivalents		<b>29,422</b>	27,353
		<u><b>57,955</b></u>	<u>57,198</u>
<b>Total assets</b>		<u><b>142,327</b></u>	<u>143,519</u>
<b>Equity</b>			
<b>Capital and reserves attributable to shareholders of the Company</b>			
Share capital		<b>71</b>	71
Retained earnings		<b>32,030</b>	31,427
Other reserves		<b>31,758</b>	31,951
		<u><b>63,859</b></u>	<u>63,449</u>
<b>Non-controlling interests</b>		<u><b>22,838</b></u>	<u>22,334</u>
<b>Total equity</b>		<u><b>86,697</b></u>	<u>85,783</u>

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

		<b>30 June 2024</b>	31 December 2023
	<i>Note</i>	<b><i>RMB million</i></b>	<i>RMB million</i>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	<i>10</i>	<b>26,337</b>	27,800
Income tax payable		<b>570</b>	589
Other taxes payable		<b>357</b>	516
Short-term borrowings		<b>8,557</b>	5,464
Lease liabilities		<b>197</b>	214
		<b>36,018</b>	34,583
<b>Non-current liabilities</b>			
Long-term borrowings		<b>15,554</b>	19,027
Deferred tax liabilities		<b>1,997</b>	1,870
Lease liabilities		<b>489</b>	497
Other liabilities		<b>1,572</b>	1,759
		<b>19,612</b>	23,153
<b>Total liabilities</b>		<b>55,630</b>	57,736
<b>Total equity and liabilities</b>		<b>142,327</b>	143,519
<b>Net current assets</b>		<b>21,937</b>	22,615
<b>Total assets less current liabilities</b>		<b>106,309</b>	108,936

# NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 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 2024 (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 26 August 2024.

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 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to HKAS 1;
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – HK Int 5 (Revised);
- Lease Liability in Sale and Leaseback – Amendments to HKFRS 16; and
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7.

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

Certain amended HKFRSs have been published that are not mandatory for 30 June 2024 reporting period and have not been early adopted by the Group.

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HK Interpretation 5	Presentation of Financial Statements –Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 2 SEGMENT INFORMATION

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

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

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

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

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

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

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

The segment information for the reportable segments for the Period and the same period of 2023 is as follows:

	Natural Gas Sales <i>RMB million</i>	Sales of LPG <i>RMB million</i>	LNG Processing and Terminal <i>RMB million</i>	Exploration and Production <i>RMB million</i>	Corporate <i>RMB million</i>	Inter-company adjustment <i>RMB million</i>	Total <i>RMB million</i>
<b>For the six months ended</b>							
<b>30 June 2024</b>							
Gross revenue	76,660	12,932	5,662	88	-	-	95,342
Less: Inter-company adjustment	(1,154)	(45)	(1,221)	-	-	-	(2,420)
Revenue from external customers	75,506	12,887	4,441	88	-	-	92,922
Segment results	4,545	563	1,640	14	(150)	-	6,612
Share of profits less losses of:							
– Associates	226	(2)	8	103	-	-	335
– Joint ventures	234	-	-	57	11	-	302
Profit/(loss) before income tax expense	5,005	561	1,648	174	(139)	-	7,249
Segment results included:							
– Interest income	320	-	79	11	326	(237)	499
– Depreciation, depletion and amortisation	(1,910)	(47)	(741)	(35)	(21)	-	(2,754)
– Interest expenses	(336)	(2)	(202)	-	(108)	237	(411)
– Net exchange gains/(losses)	6	-	-	(2)	(69)	-	(65)
<b>As at 30 June 2024</b>							
Segment assets	80,037	5,548	18,064	1,283	21,760	-	126,692
Investments in associates	6,971	53	460	521	-	-	8,005
Investments in joint ventures	4,787	-	-	1,431	33	-	6,251
Additions to non-current segment assets during the Period	751	18	137	21	1	-	928

	Natural Gas Sales <i>RMB million</i>	Sales of LPG <i>RMB million</i>	LNG Processing and Terminal <i>RMB million</i>	Exploration and Production <i>RMB million</i>	Corporate <i>RMB million</i>	Inter-company adjustment <i>RMB million</i>	Total <i>RMB million</i>
<b>For the six months ended</b>							
<b>30 June 2023</b>							
Gross revenue	69,859	13,855	5,188	608	–	–	89,510
Less: Inter-company adjustment	(963)	(51)	(1,424)	–	–	–	(2,438)
Revenue from external customers	68,896	13,804	3,764	608	–	–	87,072
Segment results	4,407	423	1,329	197	(155)	–	6,201
Share of profits less losses of:							
– Associates	266	–	12	38	–	–	316
– Joint ventures	214	–	–	54	6	–	274
Profit/(loss) before income tax expense	4,887	423	1,341	289	(149)	–	6,791
Segment results included:							
– Interest income	316	1	49	10	284	(266)	394
– Depreciation, depletion and amortisation	(1,906)	(55)	(800)	(115)	(20)	–	(2,896)
– Interest expenses	(331)	(2)	(263)	–	(106)	266	(436)
– Net exchange gains/(losses)	2	–	–	8	(164)	–	(154)
<b>As at 31 December 2023</b>							
Segment assets	82,071	5,059	18,498	1,332	21,041	–	128,001
Investments in associates	7,137	–	453	390	–	–	7,980
Investments in joint ventures	4,712	–	–	1,365	32	–	6,109
Additions to non-current segment assets during the Period	552	34	86	25	1	–	698

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 2023, there was no single customer to whom the revenue is attributable exceeded 10% of the Group's revenue.

### 3 REVENUE

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

### 4 INTEREST EXPENSES

	Six months ended 30 June	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Interest expenses	426	448
Less: amounts capitalised	<u>(15)</u>	<u>(12)</u>
Total interest expenses	<u><b>411</b></u>	<u><b>436</b></u>

Amounts capitalised are borrowing costs that are attributable to the construction of qualifying assets. The average interest rate used to capitalise such borrowing costs was 3.40% per annum for the Period (the same period of 2023: 3.52%).

### 5 PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Amortisation of intangible assets	42	42
Depreciation and depletion of		
– owned property, plant and equipment	2,447	2,603
– right-of-use assets	265	251
Cost of inventories recognised as expense	79,793	73,984
Impairment loss/(reversal of) on accounts receivable	<u>51</u>	<u>(62)</u>

## 6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
<b>Current tax</b>		
– PRC	1,847	1,822
– Overseas	19	65
	<u>1,866</u>	<u>1,887</u>
<b>Deferred tax</b>	63	(137)
	<u>1,929</u>	<u>1,750</u>

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 2023: 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 2023: 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 2023: 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 RMB3,305 million (the same period of 2023: RMB3,222 million), and weighted average number of ordinary shares in issue during the Period of approximately 8,659 million shares (the same period of 2023: 8,659 million shares).
- (b) Diluted earnings per share for the Period and the same period of 2023 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 2022 of RMB25.39 cents per share, amounting to a total of approximately RMB2,198 million, were approved by the shareholders in the Annual General Meeting on 31 May 2023. The amount is based on approximately 8,659 million shares in issue as at 28 March 2023, which was paid on 20 July 2023.

With reference to the Company's announcement dated 31 May 2023, 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 2023 of RMB28.38 cents per share, amounting to a total of approximately RMB2,457 million, was approved by the shareholders in the Annual General Meeting on 30 May 2024. The amount is based on approximately 8,659 million shares in issue as at 25 March 2024 which was paid on 18 July 2024.

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

- (c) At the meeting on 26 August 2024, the Board of Directors has declared a payment of an interim dividend attributable to shareholders of the Company for the Period of RMB16.41 cents per share, amounting to a total of approximately RMB1,421 million. The amount is based on approximately 8,659 million shares in issue as at 26 August 2024 (the same period of 2023: Nil).

## 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:

	<b>30 June 2024</b>	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
Within 3 months	<b>1,474</b>	1,386
Between 3 to 6 months	<b>478</b>	66
Between 6 to 12 months	<b>216</b>	111
Over 12 months	<b>544</b>	414
	<b>2,712</b>	1,977

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

	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<i>RMB million</i>	<i>RMB million</i>
Accounts payable	<b>2,770</b>	2,790
Contract liabilities	<b>10,830</b>	13,596
Salaries and welfare payable	<b>1,239</b>	381
Accrued expenses	<b>230</b>	7
Dividends payable	<b>3,099</b>	424
Interest payable	<b>126</b>	182
Construction fee and equipment cost payables	<b>4,773</b>	6,892
Amounts due to related parties		
– Non-controlling interests	<b>1</b>	1
– Others	<b>1</b>	1
Other payables	<b>3,268</b>	3,526
	<b>26,337</b>	27,800

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

	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<i>RMB million</i>	<i>RMB million</i>
Within 3 months	<b>1,328</b>	2,157
Between 3 to 6 months	<b>371</b>	157
Over 6 months	<b>1,071</b>	476
	<b>2,770</b>	2,790

## CHAIRMAN'S STATEMENT

Respected shareholders:

In the first half of the year, the Group recorded a natural gas sales volume of 26,438 million cubic metres, representing a year-on-year increase of 2,522 million cubic metres or 10.55%. The Group recorded a revenue of RMB92,922 million, representing a year-on-year increase of RMB5,850 million or 6.72%; the profit before income tax was RMB7,249 million, representing a year-on-year increase of RMB458 million or 6.74%; and the profit attributable to shareholders of the Company was RMB3,305 million, representing a year-on-year increase of RMB83 million or 2.58%. Earnings per share (basic) was RMB38.17 cents.

## BUSINESS REVIEW

In the first half of 2024, the global economic growth momentum remained weak, while the national economy continued its upward trend, maintaining overall stability. International oil and gas prices showed divergent trends, and the RMB exchange rate faced depreciation pressure. Domestic natural gas consumption returned to a track of rapid growth, and the consumption scale reached a new high, with national natural gas consumption increased by 8.7% year-on-year to 210.8 billion cubic metres in the first half of the year.

Facing numerous challenges and risks, such as market supply and demand adjustments, LNG resource impacts, a downturn in the real estate industry, and frequent extreme weather conditions, the Company faced these challenges and strengthened its forecasting capabilities. By proactively addressing the uncertainties in the external environment, the Company achieved stable business development and continued improvement in performance.

**Efforts to optimize and enhance marketing quality have led to comprehensive profitability in the main business.** Effectively responding to market changes, the Company leveraged its balanced national layout in the gas business, high growth in gas volume from “three new” industrial users (new energy vehicles, lithium batteries, photovoltaic products), and the project location advantages in the central, western, and northeastern regions, achieving both volume and quality improvements in the natural gas business. The sales structure continued to optimize, with industrial users increased by 21.46%, and the share of gas volume sales among retail sales for industrial and commercial users increased by 4.6 percentage points year-on-year. The total number of users exceeded 16 million, with natural gas retail sales volume increased by 10.25% to 16,302 million cubic metres and total sales volume reaching 26,438 million cubic metres, further solidifying the leading position in the terminal market. The synergistic effects of the LNG industry chain were fully realized, with the liquid loading volume at terminals increased by 53.52% year-on-year, and factory processing capacity exceeding expectations. Achieving a pre-tax profit of RMB35 million, which marked a historic turnaround and contributed to overall profitability improvement. The LPG business showed new vitality, with gross profit margin increased by 1.45 percentage points year-on-year and profit increased by 32.62%, continuously improving the marketing quality. The Company's gross revenue increased by 6.7% year-on-year to RMB92,922 million, achieving a net profit attributable to the shareholders of RMB3,305 million, with strong operating cash flow amounting to RMB5,352 million, and the basic earnings per share being RMB38.17 cents, maintaining strong profitability.

**Forward-looking key projects such as the Fujian Strait Zero-Carbon Energy Port have been rolled out in an orderly manner, and emerging industries have shown strong development.** Adapting to the new trend of green and low-carbon development, the Company has used gas and electricity as entry points to drive the coordinated development of new energy, integrated energy, and the natural gas industry chain. New quality productive forces have been rapidly cultivated, and emerging industries have been initially shaped. In the first half of the year, the Company acquired 410,000 kilowatts of clean energy indicators, participated in through its shareholding and put into operation 13 natural gas power generation projects with an installed capacity of 8.81 million kilowatts. A total of 40 distributed photovoltaic projects were completed, with an installed capacity of 7,883 kilowatts and a power generation volume of 2.174 million kilowatt-hours. 10 integrated energy projects were put into operation, with an installed capacity of 639,000 kilowatts, electricity sales of 294,600 kilowatt-hours, and heat and cooling sales of 2.4566 million GJ. The value of value-added services became more prominent, with the “Kunlun Huixiang+” platform and public service account advancing in coordination, with the number of registered users reaching 600,000, and platform sales increased by 50% year-on-year. The LNG refueling-at-sea business developed rapidly, achieving bonded regular services in Shenzhen and Zhoushan, with refueling volume increased by 87% year-on-year. The construction of infrastructure facilities, with the Fujian Strait Zero-Carbon Energy Port as a model, has commenced in succession, accumulating momentum for transformation and development.

**Deepening the focus on enhancing corporate value and efficiency, and the effectiveness of reform, innovation and governance has been continuously demonstrated.** The Company set its sights on the construction of world-class systems, deepened its comprehensive law-based corporate governance and compliance management, and thoroughly implemented the “Double Hundred Actions” comprehensive reform, further enhancing the market-oriented management mechanisms and precise incentive and restraint mechanisms. The optimization and adjustment of the organizational system progressed steadily, with the new operational management system of strategic control at headquarters, professional management by business units, business management by provincial companies, and value creation by project companies basically established. Lean management continued to advance, significantly enhancing value creation capabilities, with unit sales and management expenses decreased by RMB13.5 per thousand cubic meters year-on-year, and the debts-to-assets ratio decreased by 0.5 percentage points. The customer hierarchical management system was improved, achieving a customer satisfaction rate of 99.5%, with service standards widely recognized. The Company emphasized the strengthening of information technology enhancement projects, with the completion of Kunlun ERP simulation environment, and the highly integrated full-business digital sales platform and full-pipeline intelligent customer service system, over 70 digital transformation scenarios were promoted.

**The creation of a green enterprise in line with the “dual carbon” strategy was vibrant, and the level of ESG governance steadily improved.** The Company conducted its first Scope 3 GHG examination, identified and disclosed emissions in 9 out of 15 categories, establishing a leading position in the industry. It released the “Action Plan Towards Carbon Peaking and Carbon Neutrality (2024 Edition)” and the first “Climate Action White Paper”, established a carbon neutrality research center and the first self-contributing biodiversity conservation demonstration site, protecting 48 species of birds and 165 species of vascular plants, discharging its social responsibilities in an exemplary way. The Company actively built a safe and efficient supply system, deeply carried out special governance of urban gas

pipelines which are “operating with faults” and the three-year action plan for fundamental governance, fully launched the intelligent management system for bottled LPG, conducted comprehensive inspections of residential gas meters, and ensured all gas meters in storage passed inspections, consistently shaping itself into a safety brand of the industry. Market value management progressed steadily, with outstanding performance in the capital market and the Company being successively included in 15 important indices such as the SOEs Value Index, SOEs Select Index and SOEs High Dividend Yield Index of Hang Seng SCHK. The Company was selected for two consecutive years in the “China ESG Listed Company Pioneer 100” list released by CCTV, ranking 31st in 2024.

## **OPERATING RESULTS**

### **Natural gas sales business**

The Company continued to strengthen all-round cooperation with large industrial groups and endeavoured to promote the supply of gas to key industrial projects. In the first half of the year, a number of new large-scale thermal glass, gas and electricity and petrochemical customers were added, driving rapid growth in sales to industrial customers. The sales volume of natural gas was 26,438 million cubic metres, representing a year-on-year increase of 10.55%, among which the retail gas sales volume was 16,302 million cubic metres, representing a year-on-year increase of 10.25%. The number of new users amounted to 448,700, which included 436,000 residential users and 12,700 industrial and commercial users. The cumulative number of users reached 16.0527 million. The Group continues to expand its operational footprint. In the first half of the year, the Group has a total of 4 new city gas projects.

In the first half of the year, the Natural Gas Sales business recorded a revenue of RMB76,660 million, representing a year-on-year increase of 9.74%. Profit before income tax was RMB5,005 million, representing a year-on-year increase of 2.41%.

### **Sales of LPG business**

The Group seized the favorable opportunities brought by economic rebound and increased demand, expanded resource channels, promoted the construction of sales network and grew incremental terminal marketing to enhance lean management. The Group also optimised its marketing strategy, gained 6 large direct supply industrial users, actively responded to changes in demand, strengthened operational projects to improve quality and efficiency, and reduced the operating expenses of the terminal industrial chain.

In the first half of the year, LPG sales volume was 2.9258 million tonnes, which remained stable as compared with the same period of last year. This business recorded a revenue of RMB12,932 million, representing a year-on-year decrease of 6.66%. Profit before income tax was RMB561 million, representing a year-on-year increase of 32.62%.

## **LNG processing and terminal business**

The Company continued to strive for professional development, market-oriented operation, and refined management as well as integrated planning, continuously improving the overall efficiency of LNG processing and terminal business, and achieved safe and stable operation of terminals business. The Company vigorously implemented specific actions to control losses in LNG plants and achieved interim profitability for the first time.

In the first half of the year, the LNG gasification and entrucking volume of Jingtang and Jiangsu LNG terminals amounted to 7,770 million cubic metres in total, representing a year-on-year increase of 5.92%. The average capacity of these two terminals recorded a year-on-year increase of 3.6 percentage points. The average production capacity of 14 processing plants under continuous operation was 58.4%, representing a year-on-year increase of 19.5%; the sales volume of self-operation reached 466 million cubic metres, and the commissioned processing volume amounted to 1,307 million cubic metres, representing a year-on-year increase of 11.48% and 92.49%, respectively.

In the first half of the year, the LNG Processing and Terminal business recorded a revenue of RMB5,662 million, representing a year-on-year increase of 9.14%. Profit before income tax was RMB1,648 million, representing a year-on-year increase of 22.89%.

## **Exploration and production business**

In the first half of the year, the sales volume of crude oil of the Group was 4.04 million barrels, representing a decrease of 0.80 million barrels or 16.53% as compared with last year. Driven by the stable international crude oil price, the average crude oil selling price of the Group slightly increased to US\$67.77/barrel from US\$65.62/barrel last year. Due to the expiry of exploration contracts for the Group's Liaohe Oilfield and Peru Oilfield in February and October 2023, the sales revenue of crude oil was RMB88 million, representing a year-on-year decrease of 85.53%. Profit before income tax was RMB174 million, representing a year-on-year decrease of 39.79%.

## **BUSINESS OUTLOOK**

In the second half of the year, the external environment will remain complex and severe, with the economic operation facing new challenges and high uncertainties in the supply and demand of the international natural gas market. The Third Plenary Session of the 20th Central Committee of the Communist Party of China proposed advancing price reforms in energy and other sectors and optimizing the tiered pricing system for water, electricity and gas for residents, providing policy guidance for the sustainable development of the city gas business. The "Measures for the Administration of Natural Gas Utilization", which came into effect on 1 August, have opened up more room for the development of natural gas in areas such as natural gas power generation, LNG vehicles and ships, and the coordinated development of natural gas and new energy. As the price linkage mechanism for upstream and downstream natural gas gradually improves and its coverage expands, the steady development of the city gas industry will be further safeguarded. The advantages of clean, low-carbon, flexible, and efficient advantages of natural gas have been operated in the safe and stable power system. The trend of replacing diesel in the transportation sector provides unprecedented opportunities for the development of the LNG industry chain and will play a role in the construction of a new energy system.

With the support of multiple favorable policies, the Company is full of confidence in achieving the full-year performance guidance and future development. The Company will seize every favorable opportunity and take advantage of all favorable conditions to fully release the effectiveness of the optimization and adjustment of the organization system, deeply advance the reformation, and continuously optimize and innovate, with its focus on achieving results in four areas:

**Advance with the momentum in marketing and promote the main business to become “specialized”.** By focusing on sales scale and efficiency, the Company will continuously optimize the natural gas terminal sales structure to ensure a rise in both volume and efficiency. The Company will seize the explosive growth opportunities of LNG heavy trucks, improve the operating loads and liquid sales of the plants, stabilize the profitability of plants, and accelerate the expansion of LNG ship refueling-at-sea business. With a responsible attitude towards shareholders, the Company will fully leverage its professional advantages to strengthen and expand the LNG industry chain. The Company will enhance professional and efficient management of LPG business, continuously improve operational standards, accelerate the construction of the Dongjiakou terminal project in Qingdao, enrich the means of LPG market-oriented trading, and promote the increase in volume and efficiency of imported resources to maximize combined benefits.

**Optimizing and upgrading the industrial succession, promoting the strategic emerging businesses “forward”.** Adhering to the principles of “clean energy substitution, strategic succession, and green transformation,” the Company will accelerate the development of new quality productive forces according to local conditions. The Company will promote the rapid development of gas and electricity of the new energy businesses, striving for breakthroughs in the 6 gas and electricity projects participated, and achieve substantial progress in the Chongqing Tongliang natural gas distributed project. The Company will orderly advance wind power projects such as Shandong and Sichuan, accelerate the acquisition of new energy indicators such as Zhejiang, Yunnan, and Inner Mongolia, and gradually replace upstream businesses with gas and electricity new energy businesses to ensure high-quality and stable development. The Company will focus on carbon reduction in industry, carry out in-depth carbon asset management research and practice, and explore hydrogen blending technology in city gas pipelines.

**Deepening operational management to “elevate” our value creation.** The Company will continuously optimize corporate governance structures, compensation policies, compliance management systems, internal control and risk management systems, and improve modern corporate governance and market-oriented management mechanisms. The Company will strengthen supply chain cost optimization, enhance resource operation capabilities, and explore currency and commodity hedging. The Company will actively and steadily advance terminal price adjustments, strive to bring the price differentials to return to a reasonable range. The Company will accelerate the governance of loss-making enterprises and the reduction and clearance of legal entities, consolidate and expand lean management achievements, and enhance core competitiveness and value creation capabilities in all aspects. The Company will deeply implement the ESG development strategy and further improve the Company’s price-to-earnings (PE) and price-to-book (PB) valuation levels.

**Enhancing technological safety to promote intrinsic security in an “intelligent” way.** The Company will coordinate the digital empowerment projects, focusing on building a digital and intelligent support system that aligns with modern industrial development. The Company will deepen the efficient integration and application of the bottled LPG intelligent management system and production management system, fully advance the application of digital transformation scenarios, and focus on the construction of Kunlun ERP to ensure it will be fully launched by May 2025. The Company will develop intelligent SCADA software for city gas pipelines, promote the application of artificial intelligence large model technology, and gradually build a new high ground for intelligent management.

## **ACKNOWLEDGEMENT**

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

By order of the Board

**Fu Bin**

*Chairman and Executive Director*

## MANAGEMENT DISCUSSION AND ANALYSIS

During the period ended 30 June 2024 (the “Period”), the Company has always adhered to the five development strategies of “Innovation, Green, Market, Capital and Low Cost”, focused on efficiency and market orientation, implemented precise marketing and created service value, with the high-end and high-efficiency market continuing to grow, the production and operation situation remaining stable and positive, and the operating results were good. Profit before income tax expenses was approximately RMB7,249 million, representing an increase of 6.74% as compared with RMB6,791 million for the same period of last year. Profit attributable to shareholders of the Company for the Period was approximately RMB3,305 million, representing an increase of 2.58% as compared with RMB3,222 million for the same period of last year.

### Revenue

Revenue for the Period was approximately RMB92,922 million, representing an increase of 6.72% as compared with RMB87,072 million for the same period of last year. The increase was mainly due to the increase in sales volume of natural gas, leading to an increase in the revenue of the Natural Gas Sales segment.

### Other gains, net

Other net gains for the Period were approximately RMB746 million (the same period of 2023: RMB239 million). The gains were mainly due to the increase in rental income after the integration of operation of LNG refueling business and decrease in exchange loss recognised as a result of depreciation of RMB against USD and HKD during the Period.

### Purchases, services and others

Purchases, services and others were approximately RMB79,752 million for the Period, representing an increase of 7.85% as compared with RMB73,949 million for the same period of last year. The increase was mainly due to the increase in procurement costs for natural gas which was generally in line with the increase in revenue of the Natural Gas Sales segment.

### Employee compensation costs

Employee compensation costs were approximately RMB3,169 million for the Period, representing an increase of 20.59% as compared with RMB2,628 million for the same period of last year. The increase was mainly due to the improving operating results and increase in provision of employee compensation costs.

### Depreciation, depletion and amortisation

Depreciation, depletion and amortisation for the Period was approximately RMB2,754 million, representing a decrease of 4.90% as compared with RMB2,896 million for the same period of last year. The decrease was mainly due to the exploration contracts expiry and withdrawal of the Liaohe Oilfield and Peru Oilfield in 2023.

## **Other selling, general and administrative expenses**

Other selling, general and administrative expenses for the Period were approximately RMB1,230 million, representing a decrease of 10.42% as compared with RMB1,373 million for the same period of last year. The decrease was due to the Company's strict implementation of cost control and the integrated operation of LNG refueling business.

## **Interest expenses**

Interest expenses for the Period were approximately RMB411 million, representing a decrease of 5.73% as compared with RMB436 million for the same period of last year.

Total interest expenses for the Period were approximately RMB426 million, representing a decrease of 4.91% as compared with RMB448 million for the same period of last year. The interest expenses that were capitalised under construction-in-progress was RMB15 million, representing an increase of 25.00% as compared with RMB12 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 RMB335 million, representing an increase of 6.01%, as compared with RMB316 million for the same period of last year. The increase was mainly due to the increase in operating profits from CNPC-Aktobemunaigas Joint Stock Company as a result of a lower depletion and amortisation cost of oil gas properties caused by an increase of proved oil and gas reserves during the Period.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 30 June 2024, the carrying value of total assets of the Group was approximately RMB142,327 million, representing a decrease of RMB1,192 million or 0.83% as compared with RMB143,519 million as at 31 December 2023.

The gearing ratio of the Group was 22.24% as at 30 June 2024 as compared with 22.71% as at 31 December 2023, representing a decrease of 0.47 percentage points. It is computed by dividing the sum of interest-bearing borrowings and lease liabilities of RMB24,797 million (31 December 2023: RMB25,202 million) by the sum of total equity, interest-bearing borrowings and lease liabilities of RMB111,494 million (31 December 2023: RMB110,985 million).

As at 30 June 2024, the Group has total borrowings of RMB24,111 million which will be repayable as follows:

	<b>30 June 2024</b>	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
Within one year	<b>8,557</b>	5,464
Between one to two years	<b>3,521</b>	7,810
Between two to five years	<b>5,257</b>	3,883
After five years	<b>6,776</b>	7,334
	<hr/> <b>24,111</b> <hr/>	<hr/> 24,491 <hr/>

## **PLEDGE OF ASSETS**

As at 30 June 2024, certain property, plant and equipment of the Group amounting to RMB309 million (31 December 2023: RMB818 million) were pledged to banks for 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 2024, the Group had 24,371 employees globally (excluding the employees under entrustment contracts) (the same date of 2023: 28,139 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 “2024 Interim Dividend”) of RMB16.41 cents per share (2023: Nil) or HKD17.69 cents per share calculated at the exchange rate of RMB1.00:HKD1.0782 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 26 August 2024 to shareholders whose names appear on the Company’s register of members (the “Shareholders Register”) on 12 September 2024 (Thursday). The payment is expected to be made on 31 October 2024 (Thursday). The 2024 Interim Dividend amounted to a total of approximately RMB1,421 million.

The 2024 Interim Dividend will be payable to each shareholder in HKD unless an election is made to receive the 2024 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 2024 Interim Dividend in RMB. If shareholders elect to receive all (but not part) of the 2024 Interim Dividend in RMB, shareholders should complete a dividend currency election form, which is expected to be despatched to shareholders on 20 September 2024 (Friday) as soon as practicable after the record date of 12 September 2024 (Thursday) to determine shareholders’ entitlement to the 2024 Interim Dividend.

If an election is made by a shareholder to receive the 2024 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 31 October 2024 (Thursday) at the shareholders’ own risk.

Shareholders who are minded to elect to receive the 2024 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 2024 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 2024 Interim Dividend in RMB, they should make appropriate arrangements with such nominees, trustees or registered holders in order to effect the receipt of the 2024 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 2024 Interim Dividend in RMB) shall receive the 2024 Interim Dividend in HKD.

If shareholders wish to receive the 2024 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 2024 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 10 September 2024 (Tuesday)
Closure of the Shareholders Register	From 11 September 2024 (Wednesday) to 12 September 2024 (Thursday) (both days inclusive)
Record date	12 September 2024 (Thursday)

During the above closure periods, no transfer of shares will be registered. To qualify for the 2024 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 Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned time.

## **CHANGES IN DIRECTORS' INFORMATION**

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), the changes in information of the Directors since the date of the 2023 annual report of the Company are set out below:

Mr. Fu Bin resigned as employee representative supervisor of PetroChina Company Limited, with effect from 19 April 2024.

Mr. Zhou Yuanhong resigned as Executive Director, with effect from 8 May 2024.

Ms. Lyu Jing was appointed as Non-executive Director, with effect from 8 May 2024.

Dr. Liu Xiao Feng resigned as independent non-executive director of Cinda International Holdings Limited, with effect from 27 July 2024.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares (including sale of treasury shares) during the Period. As of 30 June 2024, the Company did not hold any treasury shares.

## **CORPORATE GOVERNANCE**

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

### **Code provision C.1.6**

Pursuant to code provision C.1.6 of the Corporate Governance Code, the independent non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Sun Patrick, Independent Non-executive Director of the Company, was unable to attend the annual general meeting of the Company held on 30 May 2024 due to other business arrangements.

## **REVIEW OF INTERIM FINANCIAL REPORT**

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

Further to the announcement of the Company dated 29 May 2024, the Company is still selecting an appropriate firm as the auditor of the Company. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

## **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 20 September 2024 on the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.kunlun.com.hk](http://www.kunlun.com.hk)).

By the Order of the Board  
**KUNLUN ENERGY COMPANY LIMITED**  
**Fu Bin**  
*Chairman and Executive Director*

Hong Kong, 26 August 2024

*As at the date of this announcement, the Board of Directors comprises Mr. Fu Bin as the Chairman and Executive Director, Mr. Qian Zhijia as the Chief Executive Officer and Executive Director, Mr. Gao Xiangzhong as Chief Financial Officer and Executive Director, Ms. Lyu Jing as Non-Executive Director, and Dr. Liu Xiao Feng, Mr. Sun Patrick and Mr. Tsang Yok Sing Jasper as Independent Non-Executive Directors.*