



**JIAXING GAS**  
**GROUP CO., LTD.\***

嘉興市燃氣集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock code : 9908

**2025**

**ANNUAL REPORT**

*\* For identification purposes only*



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Sun Lianqing (*Chairman and chief executive officer*)  
Mr. Xu Songqiang

### Non-executive Directors

Mr. Yu Jianming  
Mr. Zheng Huanli  
Mr. Fu Songquan  
Ms. Ruan Zeyun

### Independent Non-executive Directors

Mr. Yu Youda  
Mr. Cheng Hok Kai Frederick  
Mr. Zhou Xinfu

## SUPERVISORS

Ms. Liu Wen (*Chairwoman*)  
Ms. He Haiyan  
Ms. Mu Nini

## AUDIT COMMITTEE

Mr. Cheng Hok Kai Frederick (*Chairman*)  
Mr. Yu Youda  
Mr. Zhou Xinfu

## NOMINATION COMMITTEE

Mr. Sun Lianqing (*Chairman*)  
Mr. Yu Youda  
Mr. Zhou Xinfu  
Ms. Ruan Zeyun (*Appointed on 22 December 2025*)  
Mr. Cheng Hok Kai Frederick  
(*Appointed on 22 December 2025*)

## REMUNERATION COMMITTEE

Mr. Yu Youda (*Chairman*)  
Mr. Yu Jianming  
Mr. Cheng Hok Kai Frederick

## JOINT COMPANY SECRETARIES

Ms. Pun Ka Ying  
(ACG, HKACG)  
Ms. Wang Shuiming

## AUTHORIZED REPRESENTATIVES

Mr. Sun Lianqing  
Ms. Pun Ka Ying

## REGISTERED OFFICE AND HEADQUARTER IN THE PRC

5th Floor, Building 3  
Hualong Plaza  
Economic and Technological Development Zone  
Jiaxing  
Zhejiang Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1920, 19/F  
Lee Garden One, 33 Hysan Avenue  
Causeway Bay, Hong Kong

## HONG KONG H SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## AUDITOR

Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## LEGAL ADVISORS

*As to Hong Kong Law*  
Chiu & Partners  
40/F, Jardine House  
1 Connaught Place  
Central  
Hong Kong

*As to PRC Law*  
Jia Yuan Law Offices  
F408, Ocean Plaza  
158 Fuxing Men Nei Street  
Xicheng District  
Beijing 100031  
China

## PRINCIPAL BANKERS

Bank of Communications Co., Ltd. (Jiaxing Branch)  
No. 1086, Zhongshan East Road  
Jiaxing  
Zhejiang Province  
PRC

Bank of Jiaxing Co., Ltd  
No. 1001, Changsheng South Road  
Jiaxing  
Zhejiang Province  
PRC

## STOCK CODE

9908

## COMPANY WEBSITE

<http://www.jxrqgs.com/>

“AGM”	the annual general meeting of the Company to be held on 5 June 2026
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“City Development”	Jiaxing City Investment & Development Group Co., Ltd. (嘉興市城市投資發展集團有限公司), a state-owned enterprise established under the laws of the PRC on 21 December 2009 and solely owned by Zhejiang Jiaxing State-owned Capital Investment Management Company Limited* (浙江嘉興國有資本投資運營有限公司) and is indirectly owned as to 95.4827% by State-owned Assets Supervision and Administration Commission of Jiaxing Municipal People’s Government* (嘉興市人民政府國有資產監督管理委員會) and as to 4.5173% by Zhejiang Caikai Group Co., Ltd.* (浙江省財開集團有限公司), a wholly-owned entity under Zhejiang Provincial Department of Finance* (浙江省財政廳)
“Company”	JiaXing Gas Group Co., Ltd.* (嘉興市燃氣集團股份有限公司), a joint stock limited liability company established under the laws of the PRC on 15 March 1998
“Concessions”	the Jiaxing Urban Area Concession and the Jiaxing Port Area Concession
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange
“Gangqu Gas”	Jiaxing Gangqu Natural Gas Company Limited* (嘉興市港區天然氣有限公司), a limited liability company established under the laws of the PRC on 15 August 2003 and a direct non-wholly owned subsidiary of the Company
“Gas and Refuelling”	Jiaxing Gas and Refuelling Station Co., Ltd. (嘉興市加油加氣站有限公司), a limited liability company established under the laws of the PRC on 29 September 2010 and a direct wholly-owned subsidiary of the Company
“Group”, “we”, “our” or “us”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the Stock Exchange
“Hangjiaxin”	Zhejiang Hangjiaxin Clean Energy Company Limited* (浙江杭嘉鑫清潔能源有限公司), a limited liability company established under the laws of the PRC on 24 July 2017 and owned as to 51% by the Company and regarded as a joint venture of the Company under the applicable accounting standards and a subsidiary of the Company pursuant to the Listing Rules

## DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Jiaran Construction”	Jiaying Jiaran Construction Company Limited* (嘉興市嘉燃建設有限公司), a limited liability company established under the laws of the PRC on 19 December 2006 and a direct wholly-owned subsidiary of the Company
“Jiaran Liquefied Gas”	Jiaying Jiaran Liquefied Gas Company Limited* (嘉興市嘉燃液化氣有限公司), a limited liability company established under the laws of the PRC on 16 April 2012 and a direct wholly-owned subsidiary of the Company
“Jiaran New Energy”	Jiaying Jiaran New Energy Company Limited* (嘉興市嘉燃新能源有限公司), a limited liability company established under the laws of the PRC on 3 August 2016 and a direct wholly-owned subsidiary of the Company
“Jiaying LPG”	Jiaying LPG Co., Ltd. (嘉興市管道液化氣有限責任公司), a limited liability company established under the laws of the PRC on 6 June 1995, and a direct wholly-owned subsidiary of the Company
“Jiaying Pipeline Company”	Jiaying Natural Gas Pipeline Network Management Co., Ltd.* (嘉興市天然氣管網經營有限公司), a limited liability company established under the laws of the PRC on 2 June 2006, and a direct wholly-owned subsidiary of City Development
“Jiaying Port Area Concession”	the concession agreement between Jiaying Port Area Planning Construction Bureau* (嘉興港區規劃建設局) and us, with effect from 1 May 2008, to act as the exclusive PNG distributor in Jiaying Port Operating Area for a period of 25 years, subject to renewal approval upon expiration, together with two supplemental agreements dated 8 May 2019 and 23 May 2019, respectively
“Jiaying Port Operating Area”	the operating area in Jiaying Port Area where the Group was granted the exclusive right to the operation and management of high, medium and low pressure piped gas, including sales of PNG, liquefied petroleum gas and other gaseous fuels to users by means of pipeline distribution under the Jiaying Port Area Concession
“Jiaying Urban Area Concession”	the concession agreement between Jiaying Planning and Construction Bureau* (嘉興市規劃與建設局), subsequently renamed as Jiaying Urban and Rural Construction Bureau* (嘉興市住房和城鄉建設局), and the Group, with effect from 1 January 2008, to act as the exclusive PNG distributor in Jiaying Urban Operating Area for a period of 25 years, subject to renewal approval upon expiration, together with the supplemental agreement dated 8 May 2019
“Jiaying Urban Operating Area”	the operating area in Jiaying Urban Area where the Group was granted the exclusive right to the operation and management of medium and low pressure piped gas, including sales of PNG and liquefied petroleum gas to users by means of pipeline distribution under the Jiaying Urban Area Concession
“Jie'an”	Jiaying Jie'an Transportation Company Limited* (嘉興市捷安運輸有限公司), a limited liability company established under the laws of the PRC on 4 September 2006 and a direct non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“LNG”	liquefied natural gas
“LPG”	liquefied petroleum gas
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules

“Nomination Committee”	the nomination committee of the Company
“Own Pipeline Area”	the area where the Group was granted the exclusive right to construct urban pipeline network and gas facilities which ownership of the constructed assets belongs to the Group, which refers to: <ul style="list-style-type: none"> <li>(a) under the Jiaxing Urban Area Concession, the area within the Jiaxing Urban Operating Area, comprising (i) the Central City and part of Nanhu New District that have been developed within the Third Ring Road, specifically, northwest to the New 320 National Road (excluded), and southeast to the Outer Ring Road East (excluded) – Shanghai-Hangzhou Railway – Central Ring Road East (included) – Pinghutang – Central Ring Road South – Shanghai – Hangzhou Railway – Outer Ring Road South (excluded); (ii) Xiuzhou New District Phase II, specifically, east to the New Beijiao River, south to Hangzhoutang, west to Zhapu – Jiaxing – Jiangsu Expressway and north to Xinchengtang; and (iii) Daqiao Town, specifically, east to the New 07 Provincial Road, south to the Central Ring Road South, west to the Xiayi Road and north to the Luli Street Extension; and</li> <li>(b) under the Jiaxing Port Area Concession, the area within the Jiaxing Port Operating Area (including Zhapu Town), comprising (i) east to the border of Zhapu Town and Huanggu Town, west to the junction of Zhapu Town and Haiyan Town, north to the Hangzhou – Pudong Expressway and south to the north bank of Hangzhou Bay; and (ii) the whole Jiulong Mountain Tourist Resort</li> </ul>
“PNG”	natural gas distributed to end users through pipelines
“PRC” or “China”	the People’s Republic of China, excluding for the purposes of this annual report, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus dated 30 June 2020 issued by the Company
“Qianyu”	Qianyu Group Company Limited* (乾宇集團有限公司), a limited liability company established under the laws of the PRC on 14 July 2009 and an associate of Mr. Fu Songquan (傅松權), the non-executive Director
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period” or “Year”	the year ended 31 December 2025
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including both the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

## DEFINITIONS

“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Taiding”	Zhejiang Taiding Investment Company Limited* (浙江泰鼎投資有限公司), a limited liability company established under the laws of the PRC on 26 January 2011 and owned as to 65% by Mr. Sun Lianqing and 35% by Ms. Xu Lili, the spouse of Mr. Sun Lianqing
“Xingzhou Jiayuan”	Yancheng Xingzhou Jiayuan Real Estate Development Co., Ltd.* (鹽城星洲佳源房地產開發有限公司), a limited liability company established under the laws of the PRC on 20 December 2019
“Xinye Energy”	Zhejiang Xinye Energy Co., Ltd. (浙江鑫液能源有限公司), a limited liability company established on 15 June 2023 and owned as to 100% by Hangjiaxin and a subsidiary of our major joint venture
“Zhuji Yujia”	Zhuji Yujia New Energy Technology Company Limited* (諸暨宇嘉新能源科技源有限公司), a limited liability company established under the laws of the PRC on 13 December 2018, a wholly-owned subsidiary of Qianyu and an associate of Mr. Fu Songquan (傅松權), the non-executive Director

*In this annual report, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or another language are marked with “\*” and are provided for identification purposes only.*

# FINANCIAL HIGHLIGHTS

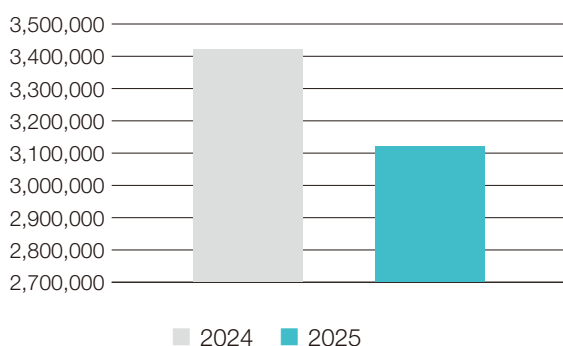
Revenue for the Year was RMB3,121.2 million, representing a decrease of 8.74% over last year.

Profit attributable to the Shareholders of the Company for the Year was RMB150.7 million, representing a decrease of 19.67% over last year.

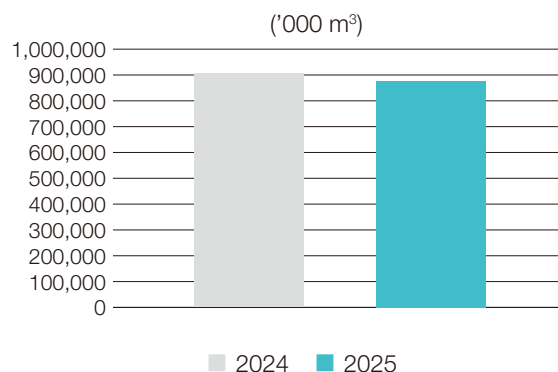
Total sales volume of natural gas for the Year was 878 million m<sup>3</sup>, representing a decrease of 3.09% over last year.

The Board has proposed a final dividend of RMB0.25 (tax inclusive) per Share for the Year.

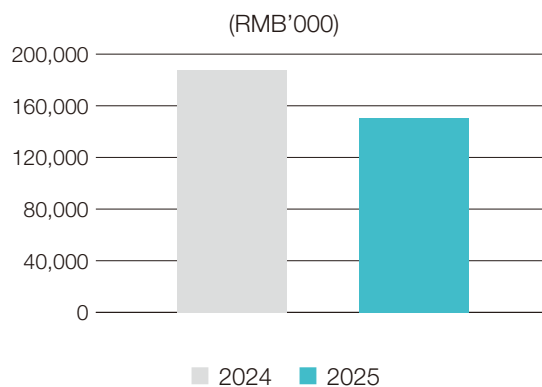
## REVENUE (RMB'000)



## NATURAL GAS SALES VOLUME



## PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY



# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Jiaxing Gas Group Co., Ltd., I am pleased to present the Annual Report 2025 of the Group to you.

The year 2025 marked a critical juncture where steady macroeconomic recovery converged with profound transformation in the energy sector. Confronted with multiple internal and external pressures and challenges, the Chinese economy demonstrated strong resilience and strategic resolve in its transition, supported by the precise coordination of macro policies and proactive upgrading of industrial structure. The gross domestic product (GDP) grew by 5.0% year-on-year for the year, successfully achieving the economic target of “steady progress with improvement”. Against this macro backdrop, the Group actively adapted to the prevailing trend of the times, adhered to the overarching theme of high-quality development, and solidified its core competitiveness amidst a complex and ever-changing market environment.

In 2025, the Fourth Plenary Session of the 20th Central Committee of the Communist Party of China reviewed and adopted recommendations on the “15th Five-Year Plan”, which explicitly set out the goal of “initially establishing a clean, low-carbon, safe and efficient new energy system” as a key target for socio-economic development over the next five years. This charters the course for high-quality development in China’s energy sector and sets the tone for the Group’s long-term strategy. As the cleanest and lowest-carbon fossil fuel, natural gas serves as a “cornerstone” and “stabilizer” supporting the construction of a new energy system and safeguarding national energy security. We will seize this historic opportunity and deeply integrate our corporate development into the broader landscape of national energy transition.

Data from the National Bureau of Statistics show that China’s apparent natural gas consumption reached 426.55 billion m<sup>3</sup> in 2025, representing a year-on-year increase of 0.1%. Although industry consumption growth moderated in the short term due to factors such as energy mix adjustments and market conditions, we remain confident in the long-term prosperity of the natural gas sector. According to the China Natural Gas Development Report (2025) (《中國天然氣發展報告(2025)》), natural gas currently accounts for only 8.8% of China’s total primary energy consumption, while data from the National Bureau of Statistics show that coal consumption accounted for 51.4% of total energy consumption in 2025. Under the rigid constraints of the “dual-carbon” goals and the development of a new energy system, substitution demand such as “coal-to-gas” is far from reaching its peak. This vast potential for energy substitution will provide an enduring source of momentum for the Group’s future performance.

Looking ahead to 2026, with the continuous deepening of national oil and gas system reform and the full implementation of fair and open access to pipeline networks, market order will become more standardised. The Group will continue to uphold a prudent and pragmatic business philosophy, further optimise its natural gas resource portfolio, and deepen industrial chain collaboration, with a view to rewarding the trust and support of our shareholders with superior results.

**Sun Lianqing**

*Chairman*

Jiaxing, Zhejiang, the PRC  
27 March 2026

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

In 2025, the reforms of the systems and mechanisms in the oil and gas sector were further deepened. The State introduced a series of detailed regulatory policies focusing on key aspects such as the planning, construction, operation management of natural gas infrastructure, and the open access to oil and gas pipeline networks, aiming to further strengthen the regulatory framework governing natural monopoly segments. Concurrently, the pricing policies for natural gas pipeline transportation were enhanced. These measures effectively regulated market order and promoted market-based allocation and efficient flow of resources, creating a more standardized, transparent, and predictable development environment for market participants, including our Company. This will facilitate the Company's flexible resource allocation across a broader geographical scope and expansion of its trading business.

## RESULTS REVIEW

The Group, being the largest city gas operator in Jiaxing, a major prefecture-level city in Zhejiang Province, PRC, is mainly engaged in the sale of PNG (subject to concessions), LNG and LPG, as well as the provision of construction and installation services. As at the end of the Reporting Period, the Group provided gas supply services for approximately 516,000 residential users and 2,670 industrial and commercial users.

During the Reporting Period, the Group's total gas sales volume reached 878 million m<sup>3</sup>, representing a decrease of 0.28% compared with the same period in 2024. Segment-wise, the PNG business performed steadily, with gas sales volume reaching 538 million m<sup>3</sup>, achieving a modest growth of 0.75%; LNG sales volume amounted to 339 million m<sup>3</sup>, representing a year-on-year decrease of 8.87%. The decline in LNG sales volume was primarily due to factors such as the overall trend towards a looser supply-demand balance in the natural gas market in 2025 and the narrowing of the buy-sell price spread.

As at the end of the Reporting Period, the Group operated a natural gas pipeline network in its operating area, with a total length of 1,278.74 km (comprising 848.52 km of self-constructed pipeline network and 430.22 km of leased urban pipeline network, and excluding 31.4 km of urban pipeline network under construction, among which 12.9 km was self-constructed).

# MANAGEMENT DISCUSSION AND ANALYSIS

## DEVELOPMENT STRATEGY AND OUTLOOK

Looking ahead, China's firm commitment to transitioning its energy structure towards clean and low-carbon sources remains unwavering, and the role of natural gas as a key transitional energy source is becoming increasingly clear. Based on the long-term trend of a rising share of natural gas, the deepening reforms, and the new situation characterized by long-term positive development, the Company's management will actively seize opportunities and proactively adapt to the new requirements of intensified industry supervision and pricing mechanism reforms. We will actively diversify and expand domestic and international gas source procurement channels, advance infrastructure interconnection and market expansion, continuously optimizing resource allocation to lay a solid foundation for capturing the incremental market brought by future energy structure transformation.

The Group is confident about the future and will continue to uphold the principles of prudent operation and innovative development. While strengthening its core natural gas business, it will explore integrated development models combining natural gas and new energy to cultivate a second growth curve for the Group, thereby ensuring the Group's sustainable development, creating sustainable value for shareholders, and contributing to the green transformation of China's energy sector.

## FINANCIAL OVERVIEW

### Revenue

For the Year, the revenue of the Group was RMB3,121.2 million, representing a decrease of 8.74% compared with RMB3,420.3 million last year, mainly due to the overall trend towards a looser supply-demand balance in the natural gas market during the Year and the narrowing of the buy-sell price spread. The LNG sales volume decreased by 30 million m<sup>3</sup> during the Year, representing a decrease of 8.87% over last year. Revenue from LNG sales decreased by RMB188.1 million, a decline of 15.74%, as a result of the decrease in sales volume and the narrowing of the buy-sell price spread. Although the sales volume of PNG increased by 0.75%, sales revenue decreased by RMB46.6 million, down 2.66%, due to a corresponding reduction in selling prices for industrial and commercial users following a decrease in upstream procurement prices.

### Gross Profit

For the Year, the gross profit of the Group was RMB207.1 million, representing a decrease of 41.65% compared with RMB354.9 million last year, which was mainly due to the decrease in gross profit of RMB72.3 million arising from the decreased LNG sales volume and the narrowing of price spreads, and the decrease in gross profit of RMB54.5 million arising from provision of LNG commission services.

### Other Income and Gains

For the Year, other income and gains of the Group were RMB35.95 million, representing an increase of 70.22% compared with RMB21.1 million last year, which was primarily attributable to the increase in government subsidies recognized during the Year by RMB12.2 million over last year, with the majority being subsidies received for gas pipeline network and gas facility equipment renovation projects, and an increase in investment gain from financial assets measured at amortised cost, up by RMB1.3 million compared to last year.

## Other Expenses

For the Year, other expenses of the Group were RMB0.5 million, representing a decrease of 44.44% compared with RMB0.9 million last year. Other expenses for the Year mainly comprised a loss of RMB0.3 million arising from fair value changes of financial assets held for trading, along with a small loss on disposal of fixed assets, late tax payment fines, and exchange losses resulting from exchange rate fluctuations.

## Finance Costs

For the Year, the finance costs of the Group were RMB13.5 million, representing a decrease of 17.18% compared with RMB16.3 million last year. This was primarily due to the fact that, as the LNG business scaled up last year, the Group used methods such as discounting bank acceptance and borrowing short-term borrowings to pay for natural gas purchases. As most short-term borrowings were repaid during the Year, and interest expenses arising from discounting of bank acceptance decreased compared with last year, the resulting interest expenses were lower than those in the same period of last year.

## Income Tax Expense

For the Year, income tax expense of the Group decreased from RMB60.7 million last year to RMB32.3 million. The effective tax rate for the Year was 24.01%. The overall income tax expense was relatively lower due to the decrease in profit, which has led to a reduction in income tax, as well as the higher recognized share of profit for the Year compared to that of last year.

## Profit Attributable to Owners of the Parent

For the Year, the profit attributable to owners of the parent was RMB150.7 million, representing a decrease of 19.67% compared with RMB187.6 million last year. During the Year, the gross profit of the Group's core natural gas business showed a divergent performance. In particular, due to changes in the supply and demand dynamics of the natural gas market and the narrowing of price spreads, the gross profit from LNG sales and commission services decreased by a total of RMB126.8 million compared with last year. Concurrently, the gross profit from the PNG business decreased by RMB16.4 million compared with last year, primarily due to a slight increase in costs from using higher-priced LNG as a supplementary gas source and the provision of preferential policies for industrial users. At the same time, the Group actively adjusted its operating strategies to effectively respond to the new market situation, achieving certain results. Although domestic LNG demand growth was relatively moderate, the Group seized opportunities arising from fluctuations in international natural gas market supply and demand. Through international resales under long-term natural gas procurement agreements signed with suppliers, it successfully locked in the gross profit from LNG sales, thereby enhancing profitability. The gross profit contributed by this business to the Group increased by RMB24.6 million compared with the same period of last year. Furthermore, Xingzhou Jiayuan, a company in which the Group holds 40% equity interest, had a period of stable sales during the Year and generated gross profit. The Group recognized a share of profit of RMB34.3 million therefrom (no such contribution in the same period of last year).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Liquidity, Financial Position and Capital Structure

As at 31 December 2025, the current assets of the Group amounted to RMB1,330.8 million (31 December 2024: RMB1,102.0), of which cash and bank balance were equivalent to RMB686.6 million (31 December 2024: RMB387.6 million).

As at 31 December 2025, the current ratio (current assets/current liabilities) of the Group was 1.22 (31 December 2024: 0.92) and the asset-liability ratio (total liabilities/total assets) was 63.39% (31 December 2024: 60.27%). As of 31 December 2025, the utilised bank loans were RMB644.64 million, all of which were denominated in RMB, with the annual interest rate of 2.08%-3.52%, RMB29.4 million of which was wholly repayable within one year or on demand and RMB615.3 million was wholly repayable in the second year, in the third to fifth year, or wholly repayable beyond five years. All the utilised bank loans are floating interest rate loans. As at 31 December 2025, the unutilised bank credit balance was RMB585.1 million. As at 31 December 2025, the Group also had lease liabilities of RMB153.6 million, of which RMB20.6 million is analyzed as current portion, and RMB133.0 million analyzed as non-current portion.

The gearing ratio of the Group was about 8.35% as at 31 December 2025 (as at 31 December 2024: about 9.92%). The ratio was calculated as net debt divided by total capital and net debt of the Group.

## Exchange Rate Fluctuation Risk

As the Group operates all its businesses in the PRC, most of its revenues and expenses are denominated in RMB. The Group's foreign exchange exposure was mainly due to LNG trade in US dollars of Hangjiaxin, a joint venture of the Company under the applicable accounting standards and a subsidiary of the Company pursuant to the Listing Rules, which affected the profit and loss attributable to the Group as a result of the impact of exchange rate fluctuations on Hangjiaxin's profits. Hangjiaxin has been reselling a certain percentage of purchase under a long-term LNG purchase and sales contract it entered into and under execution to reduce its price risks and exchange rate risks, thereby avoiding the adverse impact on the Group's business operations arising from factors such as international energy price fluctuations and exchange rate changes. The Group will closely monitor the interest rate and exchange rate in the market and take appropriate measures when necessary.

## Contingent Liabilities

As at 31 December 2025, the Group had no material contingent liabilities (31 December 2024: nil).

## Financial Guarantee Obligations

As at 31 December 2025, the Group had no financial guarantee obligations (as at 31 December 2024, the Group had no financial guarantee obligations).

## Pledge of Assets

As at 31 December 2025, there were no assets being pledged by the Group (31 December 2024: nil).

## Significant Investments and Future Plans for Material Investments or Capital Assets

Among the investments in a joint venture and associates, the investment in joint venture in relation to Hangjiaxin constituted a significant investment of the Group, with the Company holding a 51% interest in the joint venture. As at 31 December 2025, the Group had paid approximately RMB357.0 million as capital contribution to Hangjiaxin and the carrying amount of the Group's investment as at 31 December 2025 was approximately RMB485.5 million, representing approximately 13.78% of the Group's total assets. Hangjiaxin was established in 2017 for the construction and operation of a LNG storage and transportation station in Dushan Port, which is a coastal area, for the import and storage of LNG for diversification of the source of natural gas of the Group and to meet the demand for natural gas in Jiaxing and neighbouring cities such as Shanghai, Hangzhou and Suzhou in the Yangtze River Delta. During the Reporting Period, Hangjiaxin was in full operation, and the Group recorded an investment gain of approximately RMB24.6 million from its investment in Hangjiaxin and did not receive any dividend. The Board is of the view that Hangjiaxin will continue to be an important supplier of LNG to the Group and will continue to bring investment gain to the Group. As such, the Company will continue holding its investment in relation to Hangjiaxin.

On 17 January 2025, the Group acquired 13.5% of the equity interest in Xingzhou Jiayuan for a consideration of RMB89.0 million (i.e. the 2025 Acquisition (as defined below)). As at 31 December 2025, the Group had paid approximately RMB232.72 million as capital contribution to Xingzhou Jiayuan and the carrying amount of the Group's investment as at 31 December 2025 was approximately RMB266.91 million, representing approximately 7.58% of the Group's total assets. Xingzhou Jiayuan is a limited liability company established under the laws of the PRC which principally engaged in property development, property management and carpark management. As at 31 December 2025, Xingzhou Jiayuan held the land use rights in relation to a piece of commercial and residential land in Yancheng, Jiangsu Province with an aggregate site area of 130,827.0 square metres. During the Reporting Period, the Group recognized a share of profit of RMB34.3 million from its investment in Xingzhou Jiayuan and no dividend was received. The Board is of the view that Xingzhou Jiayuan will continue to bring investment gain to the Group. As such, the Company will continue holding its investment in relation to Xingzhou Jiayuan.

As at the date of this report, the Group does not have any future plans for material investments or capital assets.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Material Acquisition and Disposal

References are made to the announcements of the Company dated 17 January 2025 and 23 January 2025.

On 30 November 2024, JiaXing Gas Group (Hong Kong) Holdings Limited (嘉燃集團(香港)控股有限公司), a direct wholly-owned subsidiary of the Company, as purchaser, entered into an equity transfer agreement with Yancheng Xiangyuan Real Estate Co., Ltd.\* (鹽城祥源房地產有限公司) (“Yancheng Xiangyuan”) for the acquisition of 6.5% equity interest in Xingzhou Jiayuan from Yancheng Xiangyuan for a consideration of US\$5,560,652.83 (the **“2024 Acquisition”**). The 2024 Acquisition was completed on 30 November 2024 upon registration with the market supervision and management authority. Since all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the 2024 Acquisition were less than 5%, the 2024 Acquisition did not constitute a notifiable transaction and was not subject to the requirements under Chapter 14 of the Listing Rules.

On 17 January 2025, Jiaran Construction, a direct wholly-own subsidiary of the Company, entered into an equity transfer agreement with Yancheng Xiangyuan, pursuant to which Jiaran Construction agreed to purchase from Yancheng Xiangyuan 13.5% of the equity interest in Xingzhou Jiayuan for a consideration of RMB89.0 million (the **“2025 Acquisition”**). Given that such equity transfer agreement was entered into within the 12-month period from the completion date of the 2024 Acquisition, pursuant to Rule 14.22 of the Listing Rules, the 2024 Acquisition and the 2025 Acquisition should be aggregated and treated as if they were one transaction. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the 2024 Acquisition and the 2025 Acquisition as aggregated exceed(s) 5% but all such ratios fall below 25%, such transactions collectively constituted a discloseable transaction and were subject to the requirements applicable to a discloseable transaction under Chapter 14 of the Listing Rules. For the avoidance of doubt, the 2024 Acquisition and the 2025 Acquisition do not constitute one transaction from the accounting treatment perspective.

## Human Resources and Employee Compensation

As at 31 December 2025, the Group had a total of 402 (31 December 2024: 402) employees in the PRC. The total employee costs of the Group for the Year were approximately RMB76.0 million. The Group further strengthens the training of employees to enhance their professional level and overall quality, by providing targeted training courses to the management team, managers at various positions, professional technicians and service employees, and by distributing relevant policies and regulations, industry information and knowledge documents to employees. The Group also provides employees with competitive remuneration packages which are determined with reference to their qualifications and performance to incentivise them for hard work and better customer service.

## Material Litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this report.

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Sun Lianqing (“Mr. Sun”)**, aged 66, is the executive Director, the chairman and the chief executive officer who is responsible for the overall business strategies and operation of the Group. Mr. Sun is also the chairman of nomination committee of the Company. Mr. Sun has been the chairman of the Board and chief executive officer of the Company since the establishment of the Company on 15 March 1998 and he was re-designated as an executive Director on 23 September 2019. Mr. Sun is also the director of Hangjiaxin, a director of Gangqu Gas and a chairman and general manager of Xinye Energy, a chairman and general manager of JiaXing Gas Group (Hong Kong) Holdings Limited and a chairman of Zhejiang Jiaran Trading Co., Ltd.. Mr. Sun is also the sole director of Taiding.

Mr. Sun has extensive experience in business administration and management. From August 1980 to June 1992, Mr. Sun was a teacher in various academic institutions in Jiaying, Zhejiang Province, the PRC and he was responsible for delivering lectures and providing vocational training to students. From July 1992 to December 1997, Mr. Sun successively served as the office manager of Jiaying Suburban Urban Construction Bureau\* (嘉興市郊區城建局), director of Jiaying Suburban Municipal Public Utilities Office\* (嘉興市郊區市政公用事業處) and manager of Jiaying Suburban LPG Company\* (嘉興市郊區液化氣公司) in the PRC.

Mr. Sun graduated from Zhejiang Institute of Education\* (浙江教育學院) of the PRC, majoring in mathematics education in July 1990. Mr. Sun graduated from Zhejiang University of the PRC, majoring in economics in July 2002. Mr. Sun is a senior economist in the PRC.

**Mr. Xu Songqiang (“Mr. Xu”)**, aged 58, is the executive Director, secretary of the general party branch and chief engineer who is responsible for the strategic planning implementation, overall day-to-day management of construction projects and internal control supervision of the Group. He was re-designated as an executive Director on 23 September 2019. Mr. Xu is also the chairman of Gangqu Gas, the chairman of the board of directors of Jiaran Liquefied Gas, a director and a manager of Jiaran New Energy, a director of Hangjiaxin, a director of Xinye Energy, an executive Director and manager of Jiaying LPG and a director of Zhejiang Jiaran Trading Co., Ltd..

Mr. Xu has extensive experience in engineering project management. From August 1990 to December 1997, Mr. Xu was a staff member of engineering section in Jiaying Gas Company\* (嘉興市煤氣公司), the predecessor of the Company. From January 1998 to January 2025, he served as the chief of safety technology section in Jiaying Gas Company (which later became the Company, established on 15 March 1998), deputy general manager of the Company, and standing deputy general manager. Since 16 January 2025, he has been the secretary of the general party branch of the Company.

Mr. Xu graduated from Zhejiang University in the PRC with a bachelor’s degree in chemical engineering machinery and equipment in June 1990. Mr. Xu is a professor-level senior engineer and a senior economist in the PRC.

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## NON-EXECUTIVE DIRECTORS

**Mr. Yu Jianming (“Mr. Yu”)**, aged 55, is a non-executive Director of the Company. Mr. Yu was appointed as a non-executive Director and a member of the Remuneration Committee on 5 December 2024.

Mr. Yu has extensive experience in management. From September 1992 to December 1992, Mr. Yu served as a cadre in the fund management section of the Finance Bureau of Jiaxing City\* (嘉興市財政局). From December 1992 to September 2005, he successively served as an employee of Jiaxing Finance and Credit Corporation\* (嘉興市財政信用公司), Zhejiang Hongxing Industrial Co., Ltd.\* (浙江鴻興實業有限公司) and Jiaxing Financial Investment Company\* (嘉興市財政投資公司). He was also the office manager of Jiaxing Sun City Real Estate Development Company\* (嘉興市太陽城房地產開發有限公司) (“**Jiaxing Sun City**”) from February 2004 to June 2010. From September 2005 to October 2010, Mr. Yu served as an employee of Jiaxing Industrial Assets Investment Group Company\* (嘉興市實業資產投資集團有限公司) and the deputy general manager Jiaxing Sun City. From October 2010 to August 2019, Mr. Yu served as the office manager of City Development, and from April 2015 to October 2018, he also served as the secretary of the party branch of City Development (機關黨支部書記). From August 2019 to July 2023, Mr. Yu served in Jiaxing Modern Service Industry Development Investment Group Co., Ltd.\* (嘉興市現代服務業發展投資集團有限公司) successively as a member of the party committee, the secretary of the discipline inspection commission and a supervising officer (監察專員) of the city supervision commission of Jiaxing in Jiaxing Modern Service Industry Development Investment Group Co., Ltd.\* (嘉興市現代服務業發展投資集團有限公司). From July 2023 to April 2024, Mr. Yu served as a member of the party committee, the deputy general manager and the deputy head of the Jiaxing South Lake Scenic Area Management Committee\* (嘉興市南湖風景名勝區管委會副主任) of City Development. Since April 2024, he has been serving as the deputy secretary of the party committee of City Development.

Mr. Yu obtained a Bachelor of Engineering from the Zhejiang Institute of Technology\* (浙江工學院) (now known as the Zhejiang University of Technology (浙江工業大學)) in July 1992, and has been an accountant in the PRC since May 1998.

**Mr. Zheng Huanli (“Mr. Zheng”)**, aged 57, is the non-executive Director. Mr. Zheng was a Director from August 2018 to March 2019. He was re-appointed as a non-executive Director on 23 September 2019.

Mr. Zheng has extensive experience in financial management. He joined City Development in July 2002 and successively served as an assistant, an assistant manager of the finance department, the manager of the finance department, the head of the financial management centre and manager of the enterprise management department. Since December 2025, Mr. Zheng has served as the full-time vice chairman of the Trade Union Federation of City Development.

Mr. Zheng graduated from Zhejiang Radio and Television University\* (浙江廣播電視大學) in the PRC majoring in financial accounting in March 1994. He graduated from Zhejiang University of Finance & Economics in the PRC majoring in accounting in January 2007.

**Mr. Fu Songquan (“Mr. Fu”)**, aged 79, is the non-executive Director. Mr. Fu was appointed as a non-executive Director on 23 September 2019.

Mr. Fu has extensive experience in engineering and management. From February 1996 to January 2010, he was a legal representative and general manager of Fengye Holdings Group Company Limited\* (楓葉控股集團有限公司), which was then known as Zhejiang Fengye Group Co., Ltd.\* (浙江楓葉集團有限公司). From December 2009 to September 2011, he was a legal representative of Qianyu. From March 2009 to December 2012, he was a legal representative of Zhejiang Fengye Machinery Co., Ltd.\* (浙江楓葉機械有限公司), a machinery sales and manufacturing company and a subsidiary of Qianyu. Since January 2013, he has been a director and the general manager of Qianyu. From December 2018 to October 2024, he has been the sole director, the legal representative and the general manager of Zhuji Yujia.

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Ms. Ruan Zeyun (“Ms. Ruan”)**, aged 39, is the non-executive Director. Ms. Ruan was appointed as a non-executive Director on 9 June 2023 and a member of the Nomination Committee on 22 December 2025.

Ms. Ruan has extensive experience in corporate management. Ms. Ruan is currently the company secretary, chairman and executive director of Flat Glass Group Co., Ltd., a company listed on the Stock Exchange (Stock code: 6865.HK) and Shanghai Stock Exchange (Stock code: 601865.SH). Ms. Ruan has been the company secretary of Flat Glass Group Co., Ltd. since November 2015, and the president of Flat Glass Group Co., Ltd. since June 2023, and was appointed as the executive director of Flat Glass Group Co., Ltd. in July 2023. Ms. Ruan graduated from Sheffield University in the United Kingdom in September 2009 with a master’s degree in management.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Yu Youda (“Mr. Yu”)**, aged 61, is the independent non-executive Director. Mr. Yu was appointed as an independent non-executive Director on 10 January 2017. Mr. Yu is also the chairman of Remuneration Committee and a member of both the Audit Committee and Nomination Committee.

Mr. Yu has extensive experience in accounting and finance. From June 1994 to November 1999, he was the director of Zhejiang Xinda Certified Public Accountants, responsible for accounting matters. From December 1999 to August 2005, he was the director of Zhejiang Everbright Certified Public Accountants, responsible for accounting matters. Since September 2005, he has been the chairman of Zhejiang Weining Certified Public Accountants, responsible for overseeing accounting matters. From June 2011 to June 2017 and from August 2021 to 18 September 2024, he was and has been an independent director of Hangzhou Landscape Architecture Design Institute Co., Ltd\* (杭州園林設計院股份有限公司), a Chinese landscape architectural services company listed on the Shenzhen Stock Exchange (Stock code: 300649.SZ). From 2018 to May 2024, Mr. Yu has been appointed as an external supervisor of Bank of Wenzhou. From July 2019 to July 2025, he served as an independent director of Hengsheng Energy Co., Ltd\* (恒盛能源股份有限公司), a Chinese energy company listed on the Shanghai Stock Exchange (Stock code: 605580). From 25 January 2021 to 9 February 2022, Mr. Yu was an independent director of Roshow Science and Technology Stock Co., Ltd, an electromechanical products manufacturing company listed on the Shenzhen Stock Exchange (Stock code: 002617.SZ).

Mr. Yu has been a senior accountant in the PRC since November 1996. He graduated from the Correspondence College of the Party School of the Central Committee of the Chinese Communist Party\* (中共中央黨校函授學院) in the PRC in June 1992. Mr. Yu graduated the Zhejiang University in the PRC in July 1997.

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Cheng Hok Kai Frederick (“Mr. Cheng”)**, aged 62, is the independent non-executive Director. Mr. Cheng was appointed as an independent non-executive Director on 23 September 2019. Mr. Cheng is also the chairman of the Audit Committee and a member of both the Nomination Committee and Remuneration Committee.

Mr. Cheng has extensive experience in business, finance and accounting management. From November 1985 to August 1988, Mr. Cheng worked as an audit assistant and senior accountant of Price Waterhouse (currently known as PricewaterhouseCoopers), an accounting firm in Hong Kong, where he was primarily responsible for audit assignments for various companies. From July 1997 to August 2004, Mr. Cheng was the finance director of Asia Pacific and Japan of LSI Logic Hong Kong Limited, a company principally engaged in designing, developing, and marketing semiconductors and storage systems, focused in the storage, communication, and consumer markets, where he was primarily responsible for finance function for the operation in Asia Pacific and Japan. From August 2004 to April 2006, he was the finance director of Pacific Rim of Mentor Graphics Asia Pte Ltd., a company principally engaged in providing software and hardware design solutions for electronic design automation. From April 2006 to June 2008, he worked as the finance director for Asia Pacific and Japan of the Autodesk Asia Pte Ltd., a company principally engaged in providing 2D and 3D design software for the manufacturing, building and construction, and media and entertainment markets, where he was primarily responsible for finance and accounting function of the operation in Asia Pacific and Japan. From April 2010 to January 2018, Mr. Cheng worked as the company secretary and managing director of corporate finance and investment in PuraPharm Corporation Ltd., a medicine company listed on the Stock Exchange (Stock code: 1498.HK). From March 2017 to March 2022, Mr. Cheng was an independent non-executive director of Luzhou Xinglu Water (Group) Co., Ltd., a Chinese water supply services company listed on the Stock Exchange (Stock code: 2281.HK). From May 2019 to October 2019, Mr. Cheng worked as an executive director of Sanai Health Industry Group Company Limited, a pharmaceutical company listed on the Stock Exchange (Stock code: 1889.HK). He was also an independent non-executive director of CIMC Vehicles (Group) Co., Ltd, a Chinese company mainly engaged in the design, manufacture and sales of semi-trailers and truck bodies formerly listed on the Stock Exchange (Stock code: 1839.HK) (delisted on 3 June 2026) and the Shenzhen Stock Exchange (Stock code: 301039.SZ) from June 2019 to 27 September 2024. Mr. Cheng has also been an independent non-executive director and the chairman of audit committee of China Shun Ke Long Holdings Limited, a company listed on the Stock Exchange (Stock code: 974.HK) since July 2020. On 1 January 2021, Mr. Cheng was appointed as the chief financial officer of Advanced Assembly Materials International Limited, a company registered in Hong Kong, with subsidiaries in mainland China, Malaysia, Singapore, Thailand, and the Philippines and a semiconductors packaging materials supplier.

Mr. Cheng graduated with a bachelor’s degree in finance and accounting from the University of Salford in the United Kingdom in July 1985, and a master’s degree in accounting from the University of New South Wales in Australia in May 1992. Mr. Cheng was admitted as an associate member of CPA Australia (formerly known as the Australian Society of Certified Practising Accountants) and an associate member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in February 1992 and April 1992, respectively. Mr. Cheng became fellow member of the Hong Kong Institute of Certified Public Accountants and CPA Australia in March 2003 and January 2004, respectively. Mr. Cheng was admitted as an associate member of the Institute of Chartered Secretaries and Administrators of the United Kingdom in April 1995 and a member of the Governance Institute of Australia (formerly known as Chartered Secretaries Australia) in December 1996. Mr. Cheng became a fellow member of both the Institute of Chartered Secretaries and Administrators of the United Kingdom and the Governance Institute of Australia in June 2012 and November 2013, respectively. Mr. Cheng obtained the certificate of qualification as an independent director of a listed company issued by the Shenzhen Stock Exchange on 25 November 2020.

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Zhou Xinfu (“Mr. Zhou”)**, aged 70, is the independent non-executive Director. Mr. Zhou was appointed as an independent non-executive Director on 4 June 2021. He is also a member of both the Audit Committee and Nomination Committee of the Company.

From June 1979 to July 1988, Mr. Zhou worked as an engineer at Zhejiang Chinese Medical University. After obtaining a master’s degree in engineering, Mr. Zhou worked in China Optoelectronics Development Center\* (中国光电发展中心) as a senior engineer from January 1992 to May 2003. From June 2003 to December 2015, Mr. Zhou worked at Zhejiang Energy Research Institute\* (浙江省能源研究所) as a professor-level senior engineer. From January 2016 to October 2020, Mr. Zhou worked at Zhejiang Energy Technology Research Institute\* (浙能技術研究院) as a professor-level senior engineer. Mr. Zhou has been an independent director of Hengsheng Energy Co., Ltd.\* (恒盛能源股份有限公司), a Chinese energy company listed on the Shanghai Stock Exchange (Stock code: 605580), from July 2019 to July 2025. Mr. Zhou has been as an independent non-executive director of Huzhou Gas Co., Ltd.\* (湖州燃氣股份有限公司), a gas company listed on the Stock Exchange with its head office in Huzhou City, Zhejiang Province (Stock code: 06661) since 11 May 2021. Since December 2022, Mr. Zhou has been as an independent director of SolaX Power Network Technology (Zhejiang) Co., Ltd., a PRC energy company listed on the Shanghai Stock Exchange on 3 January 2024 (Stock code: 688717).

Mr. Zhou graduated from Zhejiang University and obtained a master’s degree in engineering in January 1992 and a professor-level senior engineer qualification in 2006.

### SUPERVISORS

**Ms. Liu Wen (“Ms. Liu”)**, aged 44, is a Supervisor and the chairman of the board of Supervisors who is responsible for supervision of the Board and senior management.

Ms. Liu has extensive experience in accounting and finance. From August 2001 to December 2002, she was an accountant of Jiaxing Nanhu Mingsheng Development Co., Ltd.\* (嘉興市南湖名勝發展有限公司), which was principally engaged in investment, development and operation management of scenic areas of Nanhu District, Jiaxing, and was responsible for accounting matters. From December 2002 to July 2006, she successively served as an accounting and financial manager of Jiaxing Nanhu Real Estate Co., Ltd.\* (嘉興市南湖房地產有限公司), Jiaxing Jiacheng Construction Development Co., Ltd.\* (嘉興市嘉城建設發展有限公司), formerly known as Jiaxing Investment Construction Engineering Management Co., Ltd.\* (嘉興市城投建設工程代建管理有限公司), and Jiaxing Urban Construction Real Estate Development Co., Ltd.\* (嘉興市城建房地產開發有限公司), which were principally engaged in property development in Jiaxing, Zhejiang Province, the PRC, and was responsible for accounting and finance matters. From August 2006 to January 2020, she worked in City Development, a state-owned enterprise that is principally engaged in investment projects in Jiaxing, Zhejiang Province, the PRC and a Substantial Shareholder of the Company, successively as chief of the accounting section, deputy manager of the finance department, deputy director and director of the financial management department and deputy manager and manager of the investment development department, and successively responsible for accounting, finance and investment matters. From February 2020 to June 2023, Ms. Liu has been general manager of Jiaxing City Capital Management Co., Ltd.\* (嘉興市城市資產經營有限公司), formerly known as Jiaxing Tourism Development Co., Ltd.\* (嘉興旅遊發展有限公司), a state-owned enterprise that is principally engaged in operation and management of tourism resources and capital. Since December 2022, Ms. Liu has been concurrently (and on a full-time basis since July 2023) the manager of the finance department (director of the Financial Management Centre) of City Development. Since August 2018, Ms. Liu has been the chairman of the board of Supervisors.

Ms. Liu has been a senior accountant in Zhejiang Province, PRC since July 2011, a certified public accountant in the PRC since December 2015, an asset appraiser in the PRC since September 2018, and the lawyer of the Company since February 2023. She graduated from the Zhejiang University in the PRC majoring in economics in December 2002.

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Ms. Mu Nini (“Ms. Mu”)**, aged 48, is a Supervisor who is responsible for supervision of the Board and senior management.

Ms. Mu has extensive experience in finance, corporate internal control, taxation and treasury management. From August 2001 to April 2010, she served as the accounting and financial manager of Qingdao Haier Group. From April 2010 to May 2011, she served as the financial manager of Jiangsu Shenma Electric Co., Ltd. Ms. Mu joined ENN Energy Holdings Limited (Stock code: 2688.HK), an energy company listed on the Stock Exchange, formerly known as Xin’ao Gas Holdings Co., Ltd.\* (新奧燃氣控股有限公司) in 2011 and served as the finance director and chief financial officer until 20 February 2023, and is currently the vice president of Xin’ao Xinzhi Technology Co., mainly responsible for financial and value-added operations.

Ms. Mu graduated from Qingdao Technological University in 2001 and received the Executive Master of Business Administration from China Europe International Business School (CEIBS) in 2017. She holds the qualifications of Senior Accountant and China Certified Management Accountant in the PRC.

**Ms. He Haiyan (“Ms. He”)**, aged 41, is an employee representative Supervisor who is responsible for overall day-to-day office administration matters and records management and supervision of the Board and senior management.

Ms. He joined the Company in July 2009 and is engaged in records management. She was promoted to the position of director of Records Office in August 2017 and served until 30 June 2023. Since 1 July 2023, she has been serving as the manager of Legal Compliance Department (Records Office), and is responsible for the overall work of legal compliance and records management of the Company. Since 1 May 2024, she has been serving as the office (Records Office) manager, responsible for overall day-to-day office administration matters and records management.

Since November 2021, Ms. He has served as an associate researcher of Zhejiang Province Archives in the PRC. Ms. He graduated from Anhui University in the PRC in June 2006 with a bachelor’s degree in management and graduated from Shanghai University in the PRC, with a master’s degree in management in July 2009.

### SENIOR MANAGEMENT

**Mr. Gu Bin (“Mr. Gu”)**, aged 52, is a deputy general manager of the Company who is responsible for the trading business development. He is also the chairman of the board of directors and the general manager of Jie’an, a director and the general manager of Zhejiang Jiaran Trading Co., Ltd., an executive director and the general manager of Jiaran Energy Trading (Changzhou) Co., Ltd. and a Supervisor of Hainan Jiaran Trading Co., Ltd. (海南嘉燃貿易有限公司).

Mr. Gu has extensive experience in engineering project management and market expansion. From January 1998 to August 2002, Mr. Gu served in Jiaying Petroleum Machinery Factory\* (嘉興石油機械廠), a company engaged in the manufacturing of petroleum machinery. Mr. Gu joined the Company in December 2002. He served successively as an assistant chief of the technical section, an assistant to chief executive officer and a manager of the pipeline management department and was promoted to the current position of a deputy general manager in January 2014.

Mr. Gu graduated with a junior college diploma in public administration from the Correspondence College of the Zhejiang Provincial Party\* (中共浙江省委黨校函授學院) in the PRC in June 2008 and was accredited as a senior economist in China in December 2022.

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Ms. Yao Xiaoying (“Ms. Yao”)**, aged 51, is a deputy general manager of the Company. She assists the general manager in the procurement of resources and specifically implements the procurement of resources. Ms. Yao is also a director of Hangjiixin, a director of Xinye Energy, a director of Zhejiang Jiaran Trading Co., Ltd. and a director and the general manager of Hainan Jiaran Trading Co., Ltd. (海南嘉燃貿易有限公司).

Ms. Yao has extensive experience in business administration and human resources management. From November 2001 to December 2004, Ms. Yao served in Jiaying Vehicle Management Office and engaged in the management of licences and permits. From January 2005 to March 2014, Ms. Yao served in Jiaying COSCO Logistics Company Limited and served as the office manager. Ms. Yao joined the Company in July 2014 and served as deputy manager, executive vice manager and manager of the human resources department successively, and served as the chairman of the labour union of the Company from July 2015 to September 2023, and was promoted to the deputy general manager of the Company on 9 June 2023 and has been serving as such since then.

Ms. Yao has been level one enterprise human resources professional in the PRC since May 2013. She graduated from the School of Continuing Education (Online Education), Remin University of China in January 2009 and obtained her graduate diploma in accounting.

**Ms. Zhou Caihong (“Ms. Zhou”)**, aged 40, is the deputy general manager and the human resources department manager of the Company who is responsible for overall day-to-day customer management and human resources management. She is also a director of Hangjiixin, a director of Jie’an, a supervisor of Gangqu Gas, a supervisor of Jiaying LPG and a director of Zhejiang Jiaran Trading Co., Ltd..

Ms. Zhou has extensive experience in business administration. Ms. Zhou joined the Company in July 2009 after graduation from university. She served successively as a clerk, assistant office manager, deputy office manager and was promoted to the position of office manager in January 2013. She served as the secretary to the Board from January 2017 to 9 June 2023, and was promoted to the current position of a deputy general manager of the Company in June 2023.

Ms. Zhou graduated from Zhejiang University in the PRC with a bachelor’s degree in administration in June 2009.

**Ms. Liu Meng (“Ms. Liu”)**, aged 47, is the standing deputy general manager and the chief safety officer and a manager of safety and quality inspection department of the Company who is responsible for overall day-to-day management of production safety and quality assurance matters. She is also a supervisor of Jie’an.

Ms. Liu has extensive experience in safety management. Ms. Liu joined the Company in July 2001 after graduating from the university. She served successively as the chief of the production safety section, a deputy manager and a manager of the production safety and quality assurance department, the assistant to chief executive officer, the chief safety officer and deputy general manager. She was promoted to the standing deputy general manager since 17 January 2025, and has held that position to date.

Ms. Liu has obtained the qualification of senior engineer of China Energy in the PRC since December 2021. Ms. Liu graduated from Shenyang Aerospace University, formerly known as Shenyang Institute of Aeronautical Engineering, with a bachelor’s degree in safety engineering in July 2001.

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Ms. Wang Shuiming (“Ms. Wang”)**, aged 46, is the secretary of the Board and the manager of the planning and finance department of the Group, and has been serving as to the chief financial officer since 28 March 2022, who is responsible for the overall financial management of the Group. Ms. Wang is also a director of Jiaran Construction, a supervisor of Jiaran Liquefied Gas, a supervisor of Jiaran New Energy, a supervisor of Gangqu Gas and a director of Zhejiang Jiaran Trading Co., Ltd..

Ms. Wang has extensive experience in financial management. From June 2000 to September 2001, Ms. Wang worked in Jiaxing Branch of China Construction Bank Limited, as a savings teller. She served as an audit project manager in Jiaxing Xinhua Certified Public Accountants Co., Ltd.\* (嘉興信華會計師事務所有限公司) from October 2001 to August 2005, in Jiaxing Qinghua Certified Public Accountants (General Partnership)\* (嘉興慶華會計師事務所(普通合夥)) from September 2005 to February 2007, and in Zhejiang Branch of Zhonglei Certified Public Accountants Co., Ltd.\* (中磊會計師事務所有限責任公司浙江分所) from March 2007 to March 2008, respectively. Ms. Wang joined the Company in April 2008. She served successively as an accountant, the vice manager of the planning and finance department, the manager of the planning and finance department and financial director, and was appointed as the secretary of the Board on 9 June 2023.

Ms. Wang has been a senior accountant in Zhejiang Province, PRC since May 2014. She graduated from Zhejiang Institution of Finance & Economics majoring in accounting in December 2003.

**Mr. Zhang Chenghong (“Mr. Zhang”)**, aged 45, is an assistant to chief executive officer of the Company, responsible for the development of PNG customers of the Group and the overall management of engineering projects.

Mr. Zhang has extensive experience in engineering project management. Mr. Zhang joined the Company in August 2001 after graduation from university. He served successively as a project management officer and a manager of the technical department and was promoted to the current position of assistant to chief executive officer in July 2015.

Mr. Zhang has obtained the qualification of senior engineer in the PRC since 20 December 2020. Mr. Zhang graduated from East China University of Science and Technology in the PRC with a bachelor’s degree in urban gas engineering in July 2001.

### JOINT COMPANY SECRETARIES

**Ms. Wang Shuiming (“Ms. Wang”)**, is the joint company secretary of the Company. Ms. Wang is one of the senior management. Please refer to the paragraph headed “Senior Management” above for her biography.

**Ms. Pun Ka Ying (“Ms. Pun”)**, is the joint company secretary of the Company. Ms. Pun is a senior manager of corporate services of Tricor Services Limited and has been providing corporate secretarial and compliance services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Pun possesses over 10 years of experience in the company secretarial field. Ms. Pun is a Chartered Secretary, a Chartered Governance Professional and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

# BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## CHANGE IN INFORMATION IN RESPECT OF DIRECTORS AND SUPERVISORS

Changes in the information of the Directors and Supervisors required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below:

Directors	Details of changes
<i>Executive Directors</i>	
Ms. Ruan Zeyun	<ul style="list-style-type: none"><li>Appointed as a member of the Nomination Committee with effect from 22 December 2025</li></ul>
Mr. Xu Songqiang	<ul style="list-style-type: none"><li>Ceased to serve as the standing deputy general manager of the Company in January 2026</li><li>Appointed as the secretary of the general party branch of the Company with effect from 16 January 2026</li></ul>
<i>Non-Executive Director</i>	
Mr. Zheng Huanli	<ul style="list-style-type: none"><li>Served as the full-time vice chairman of the Trade Union Federation of City Development since December 2025</li></ul>
<i>Independent non-executive Directors</i>	
Mr. Yu Youda	<ul style="list-style-type: none"><li>Ceased to be an independent director of Hengsheng Energy Co., Ltd* (恒盛能源股份有限公司), a Chinese energy company listed on the Shanghai Stock Exchange (Stock code: 605580) with effect from July 2025</li></ul>
Mr. Cheng Hok Kai Frederick	<ul style="list-style-type: none"><li>Appointed as a member of the Nomination with effect from 22 December 2025</li></ul>
Mr. Zhou Xinfu	<ul style="list-style-type: none"><li>Ceased to be an independent director of Hengsheng Energy Co., Ltd* (恒盛能源股份有限公司), a Chinese energy company listed on the Shanghai Stock Exchange (Stock code: 605580) with effect from July 2025</li></ul>

# REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements of the Company for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Group is principally engaged in the sales of PNG (under the Concessions), LNG and LPG in Jiaxing, provision of construction and installation services to construct and install end-user pipeline network and gas facilities for customers, and provision of natural gas transportation services, sales of vapour and construction materials, and leasing of properties.

## BUSINESS REVIEW

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year ended 31 December 2025 and the material factors underlying its results and financial position as required by schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are included in the section of "Management Discussion and Analysis" of this annual report. The future development of the Group's business is discussed in the section of the "Management Discussion and Analysis" of this annual report. The section of the "Management Discussion and Analysis" forms part of this report.

## RESULTS

The Group's profits for the year ended 31 December 2025 and the Group's financial position as at 31 December 2025 are set out in the consolidated financial statements on pages 73 to 179 of this annual report.

## ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 5 June 2026. Shareholders may refer to the notice convening the AGM despatched by the Company for details regarding the AGM.

## FINAL DIVIDEND

The Board resolved to recommend the payment of a final dividend of RMB0.25 (tax inclusive) per Share for the Year (the "**2025 Final Dividend**") with an aggregate amount of RMB34,461,125 (tax inclusive) to Shareholders (whether holders of H Shares or Domestic Shares) of the Company whose names appear on the Company's register of members as on Tuesday, 16 June 2026, subject to the approval by the shareholders of the Company at the AGM. Subject to the passing of the relevant resolution at the AGM, the 2025 Final Dividend is expected to be paid on Friday, 3 July 2026.

Dividends will be paid in Renminbi for holders of domestic shares of the Company, and dividends for H share shareholders of the Company will be paid in Hong Kong dollars. The relevant exchange rate will be the average of the mid-point rates of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of approval of declaration of dividends at the AGM.

There is and has been no arrangement under which a Shareholder has waived or agreed to waive any dividends.

## TAX

Under the requirements of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》) and the Regulations for the Implementation of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) implemented in 2008, the Company has the obligation to withhold enterprise income tax at a rate of 10% on dividends when it pays the 2025 Final Dividend to its H Shareholders who are overseas non-resident enterprises (including HKSCC Nominees Limited, other institutional nominees and trustees, or other organizations or groups) listed on the H share register of members on Tuesday, 16 June 2026.

According to the requirement under Guo Shui Han [2011] No. 348 issued by the State Administration of Taxation (國家稅務總局國稅函[2011]348號規定) and the relevant laws and regulations, for individual H Shareholders who are Hong Kong or Macau residents and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold the individual income tax at the rate of 10%. For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate lower than 10%, the Company will withhold the individual income tax at a tax rate of 10% of dividend. For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate higher than 10% but lower than 20%, the Company will withhold the individual income tax at the effective tax rate under the relevant tax treaty. For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate higher than 20%, or a country which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H Shareholders.

The Company will determine the country of domicile of the individual H Shareholders based on the registered address as recorded in the H share register of members of the Company on Tuesday, 16 June 2026. If the country of domicile of an individual H Shareholder is not the same as the registered address or if the individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before Thursday, 11 June 2026. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the tax treaties notice if they do not provide the relevant supporting documents to the Company within the time period stated above.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the H Shareholders or any disputes relating to the tax withholding and payment mechanism or arrangements.

# REPORT OF THE DIRECTORS

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the rights of H shareholders to attend and vote at the AGM and their entitlements to the 2025 Final Dividend, the register of H shareholders of the Company will be closed, the details of which are set out below:

- (1) For determining the rights of H Shareholders to attend and vote at the AGM
- |  |   |
|--|---|
| Latest time to lodge transfer documents for registration | 4:30 p.m. on Monday, 1 June 2026            |
| Closure of register of members (both days inclusive)     | Tuesday, 2 June 2026 to Friday, 5 June 2026 |
| Record date  | Tuesday, 2 June 2026                        |
- (2) For determining the entitlements of H Shareholders to the 2025 Final Dividend
- |  |   |
|--|---|
| Latest time to lodge transfer documents for registration | 4:30 p.m. on Thursday, 11 June 2026           |
| Closure of register of members (both days inclusive)     | Friday, 12 June 2026 to Tuesday, 16 June 2026 |
| Record date  | Tuesday, 16 June 2026                         |

During the above closure periods, no transfer of H shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the 2025 Final Dividend, all transfer documents, accompanied by the relevant certificates, must be lodged with the Company's H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration, by no later than the aforementioned latest times.

## FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 180 of this annual report. This summary does not form part of the audited consolidated financial statements.

## SHARE CAPITAL

As of 31 December 2025, the total share capital of the Company was RMB137,844,500.00, divided into 137,844,500 Shares (including 100,000,000 Domestic Shares and 37,844,500 H Shares) of nominal value of RMB1.00 each. Details of movements of the Company's share capital during the year ended 31 December 2025 are set out in note 33 to the consolidated financial statements of this annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the Group's property, plant and equipment during the year ended 31 December 2025 are set out in note 14 to the consolidated financial statements of this annual report.

## INVESTMENT PROPERTIES

Set out below are the major investment properties held by the Group during the Reporting Period:

Address	Use	Lease
Portions of Buildings 1 and 2 Hualong Plaza, Qinyi Road, Economic and Technological Development Zone, Jiaxing, Zhejiang Province, The People's Republic of China, 314050	Office and hotel	Medium-term lease
Buildings 4101 and 4102, Meiwan Business Center, Hexing Road South, Nanhu District, Jiaxing, Zhejiang Province, The People's Republic of China, 314000	Commercial	Medium-term lease

## RESERVES

Details of the movements in the reserves of the Group during the year ended 31 December 2025 are set out in note 34 to the consolidated financial statements and in the consolidated statement of changes in equity of this annual report.

As at 31 December 2025, the distributable reserve of the Company was approximately RMB885.2 million.

## BANK BORROWINGS AND OTHER BORROWINGS

Details of the bank borrowings and other borrowings of the Company and its subsidiaries as at 31 December 2025 are set out in note 32 to the consolidated financial statements of this annual report.

## PRE-EMPTIVE RIGHTS AND TAX RELIEF

Pursuant to the articles of association of the Company and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to issue new issues to its existing Shareholders in proportion to their shareholdings. The Company is not aware of any tax relief or exemption available to any existing Shareholder by reason of his/her holding of the securities of the Company.

## PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties facing by the Group, some of which are beyond its control. Some of the major risks we face include:

1. Our Concessions for the operation of our PNG business will expire or may be terminated before expiration and we may not be able to renew our existing concessions or secure new concessions. If renewal is not possible, our PNG business and provision of installation and management services business will be suspended, while other businesses will remain unaffected. Pursuant to the Measures on Pipeline Gas Concession Evaluation Management of Zhejiang Province (《浙江省管道燃氣特許經營評估管理辦法》), our Concessions are assessed against various assessment metrics including “contract fulfillment and supply capacity, safety prevention and control and emergency response, service quality and customer complaint handling, and smart gas initiatives”. Our assessment scores have consistently been in the province's top tier, and we will continuously improve our service quality and efficiency to safeguard the public interests and to ensure the safe, stable implementation of our concession projects.

## REPORT OF THE DIRECTORS

2. We are affected by risks arising from the PRC government's price control regime for PNG. For example, given that there is generally a time gap between the increase in our purchase price and the increase in our selling price, any price adjustment may negatively affect our profit margin for the relevant period. With the "X+1+X" natural gas supply structure in place, we have been optimizing our gas source structure and lowering gas source procurement cost to minimize the profit impact arising from timing mismatches between purchase price and sales price adjustments.
3. We are affected by proposed or recently issued PRC government's policies over our business operation. There is no assurance that we will be able to adapt to these government policies in a timely manner or at all. We actively engage in government-led research initiatives, participate in industry associations and forums to stay informed about the developmental and regulatory objectives set by the government and relevant authorities for our sector. This allows us to plan and respond in advance, ensuring timely adaptation to newly introduced government policies.
4. We require various licences and permits to commence, operate and expand our business operation. Any failure to obtain or renew any or all of these licences and permits or any enforcement action taken against us for non-compliance incident may materially and adversely affect our business and expansion plans. We have established relevant policies and conduct ongoing training to ensure employees operate in compliance with safety standards, thereby avoiding non-compliant incidents. At the same time, we stay updated on the conditions and requirements for renewing or updating licenses and permits so as to prepare documentations in advance, and conduct self-assessments prior to on-site evaluations to facilitate smooth license renewal or updates.
5. The PRC government may impose fines or other fees on us if we fail to comply with the terms of the land grant contract, and we could have financial loss or lose our previous investments in the land and the opportunity to develop the land, which may adversely affect our business, results of operations and financial conditions. We periodically review the relevant terms of previously signed land grant contracts and pay close attention to such terms when executing new land contracts (if any). We formulate construction plans, assign dedicated personnel to specific tasks, commence constructions as agreed, and conduct construction completion procedures to avoid potential contractual breaches.
6. We may not have adequate insurance to cover all hazards common to the natural gas industry to which our operations are subject. In recent years, in addition to maintaining standard operational insurance for our gas business and employee coverage, we have proactively advocated for residential and industrial and commercial users to obtain safety and property insurance, thereby better mitigating sector-specific risks.
7. We require substantial funding for our current and future projects. In addition, the capital expenditures required could be higher than expected due to various reasons which are beyond our control. Any failure to obtain adequate funding or refinance our existing debt at reasonable rates, or at all, could adversely affect our financial condition and results of operations and could prevent us from fulfilling our financial obligations and business objectives. We record relatively stable cash flows in recent years and the Board is of the view that we have the capability to obtain adequate banking facilities. Also, we conduct prudent evaluations of both current and future capital expenditures in light of actual reality to avoid excessive capital expenditures.
8. Risk of unstable gas supply due to upstream natural gas supply disruptions (e.g., geopolitical conflicts, pipeline failures). The Group has established resource pools and operates the Hangjiaxin Dushan Port LNG transfer station, which together enhance its gas sourcing capabilities to respond to urgent demand under upstream supply emergencies, thereby ensuring reliable and stable gas supply operations.

9. Market risks arising from international LNG price volatility driven by geopolitical factors, supply-demand imbalances, and extreme weather conditions. The Group continuously optimizes its gas supply portfolio by securing medium and long-term contracts while maintaining pipeline gas resources. Additionally, it monitors spot prices to facilitate timely resource trading and spot procurement, mitigating risks and maximizing returns.

However, the above is not an exhaustive list. For further details, please refer the section headed “Risk Factors” in the Prospectus. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

### DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this report were:

*Executive Directors:*

Mr. Sun Lianqing (*Chairman and Chief Executive Officer*)

Mr. Xu Songqiang

*Non-executive Directors:*

Mr. Yu Jianming

Mr. Zheng Huanli

Mr. Fu Songquan

Ms. Ruan Zeyun

*Independent Non-executive Directors:*

Mr. Yu Youda

Mr. Cheng Hok Kai Frederick

Mr. Zhou Xinfu

No Director will be proposed for re-election at the forthcoming annual general meeting.

### SUPERVISORS

The Supervisors during the year ended 31 December 2025 and up to the date of this report were:

Ms. Liu Wen (*Chairman*)

Ms. He Haiyan

Ms. Mu Nini

Details of the events conducted by the board of Supervisors during 2025 are set out in the section headed “Report of the Board of Supervisors” of this annual report.

Details of biography of Directors and Supervisors are set out in the section headed “Biographical Details of Directors, Supervisors and Senior Management” of this annual report.

# REPORT OF THE DIRECTORS

## SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors has entered into a service contract with the Company for a term of three years from the date of appointment until the expiration of the term of office of the third session of the Board. The appointments are subject to the relevant provisions of the Company's articles of association with regard to vacation of office of Directors, removal and re-election of Directors.

Each of the Supervisors has entered into a service contract with the Company for a term of three years from the date of appointment, until the expiration of the term of office of the third session of the board of Supervisors. The appointments are subject to the provisions of the Company's articles of association with regard to vacation of office of Supervisors, removal and re-election of Supervisors.

None of the Directors and Supervisors has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

The Company has established the Remuneration Committee of the Company to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. Details of the remuneration of the Directors and the five highest paid individuals are set out in note 9 and note 10, respectively to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

## INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Connected Transactions" and "Continuing Connected Transactions" below, none of the Directors and Supervisors nor any entity connected with the Directors and Supervisors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year ended 31 December 2025.

Save as disclosed in the sections headed "Connected Transactions" and "Continuing Connected Transactions" below, there was no (i) contract of significance between the Company, or one of its subsidiary companies, and a controlling Shareholder or any of its subsidiaries during the year ended 31 December 2025; and (ii) contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries.

## DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025, Directors and Supervisors and their associates did not have any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group or had any other conflict of interests with the Group.

## MANAGEMENT CONTRACT

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into or existed during the year ended 31 December 2025.

## DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, so far as known to the Directors of the Company, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) (a) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code (including those they are taken or deemed to have under such provisions of the SFO) are as follows:

Long Positions in the Shares of the Company:

Name	Class of Shares	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
Sun Lianqing (Note 5)	Domestic Shares	Interest in a controlled corporation (Note 4)	37,577,760 (L)	37.58%	27.26%
	H Shares	Beneficial owner	2,678,000 (L)	7.08%	1.94%
Xu Songqiang (Note 5)	Domestic Shares	Beneficial owner	3,069,891 (L)	3.07%	2.23%
	H Shares	Beneficial owner	75,000 (L)	0.20%	0.05%

Notes:

- (1) The letter "L" denotes the long position in the Shares and underlying shares of the Company.
- (2) The calculation is based on the total number of 100,000,000 Domestic Shares in issue or 37,844,500 H Shares in issue.
- (3) The calculation is based on the total number of 137,844,500 Shares in issue.
- (4) Such Shares were directly held by Taiding, a company owned as to 65% by Mr. Sun Lianqing and 35% by Ms. Xu Lili, the spouse of Mr. Sun Lianqing.
- (5) On 16 July 2023, Taiding, Zhuji Yujia, Mr. Xu Songqiang (徐松強) and Ms. Xu Hua (徐華) (together, the "concert parties") entered into concert party agreements with respect to their interests in the Company. On 23 December 2025, the concert parties entered into an agreement for termination of the concert party agreement with effect from the date thereof (the "termination agreement"), upon which the concert party agreement shall be of no further force or effect and all of the respective rights and obligations of the concert parties thereunder shall cease and determine. Accordingly, with effect from the date of the termination agreement, the concert parties should no longer be considered parties acting in concert, and each of them should no longer be taken to be interested in the Shares beneficially owned by the other members of the concert parties.

Save as disclosed above, as at 31 December 2025, none of the Directors, Supervisors or chief executives of the Company had an interest and short position in the Shares, underlying shares or debentures of the Company or its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## REPORT OF THE DIRECTORS

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, so far as is known to the Directors, the interests or short positions of the persons (other than the Directors, Supervisors or chief executives of the Company) in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO are as follows:

Long positions in Shares of the Company:

Name	Class of Shares	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
Taiding (Note 5)	Domestic Shares	Beneficial owner	37,577,760 (L)	37.58%	27.26%
Xu Lili (徐麗麗) (Note 5)	Domestic Shares	Interest in a controlled corporation	37,577,760 (L)	37.58%	27.26%
City Development (Note 6)	Domestic Shares	Beneficial owner	32,757,502 (L)	32.76%	23.76%
Zhejiang Jiaxing State-owned Capital Investment Management Company Limited (浙江嘉興國有資本投資運營有限公司) (Note 6)	Domestic Shares	Interest in a controlled corporation	32,757,502 (L)	32.76%	23.76%
State-owned Assets Supervision and Administration Commission of Jiaxing Municipal People's Government (嘉興市人民政府國有資產監督管理委員會) (Note 6)	Domestic Shares	Interest in a controlled corporation	32,757,502 (L)	32.76%	23.76%
Zhuji Yujia (Note 4 & 8)	Domestic Shares	Beneficial owner	11,894,374 (L)	11.89%	8.63%
Qianyu (Note 4, 8 & 9)	Domestic Shares	Interest in a controlled corporation	11,894,374 (L)	11.89%	8.63%
Tang Shiyao (湯仕堯) (Note 4 & 8)	Domestic Shares	Interest in a controlled corporation	11,894,374 (L)	11.89%	8.63%
Fu Fangying (傅芳英) (Note 4 & 9)	Domestic Shares	Interest in a controlled corporation	11,894,374 (L)	11.89%	8.63%

Name	Class of Shares	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
Xiniao Gas Development Company Limited* (新奧燃氣發展有限公司) (Note 9 & 10)	Domestic Shares	Beneficial owner	7,155,049 (L)	7.16%	5.19%
Xiniao (China) Gas Investment Company Limited* (新奧(中國)燃氣投資有限公司) (Note 9 & 10)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
ENN Energy Holdings Limited (新奧能源控股有限公司) (Note 9 & 10)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
Xinneng (Hong Kong) Energy Investment Limited (新能(香港)能源投資有限公司) (Note 10)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
ENN Natural Gas Co., Ltd. (新奧天然氣股份有限公司) (Note 10)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
ENN Group International Investment Limited (Note 10)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
ENN Investment Holdings Company Limited (新奧控股投資股份有限公司) (Note 10)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
ENN Capital Management Co., Ltd. (新奧資本管理有限公司) (Note 10)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
Langfang City Natural Gas Company Limited (廊坊市天然氣有限公司) (Note 10)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
ENN Yingchuang Technology Co., Ltd. (新奧贏創科技有限公司) (Note 10)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
Wang Yusuo (王玉鎖) (Note 10)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%

## REPORT OF THE DIRECTORS

Name	Class of Shares	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
Zhao Baoju (趙寶菊) (Note 10)	Domestic Shares	Interest in a controlled corporation	7,155,049 (L)	7.16%	5.19%
Flat (Hong Kong) Co., Limited (福萊特(香港)有限公司) (Note 12)	H Shares	Beneficial owner	6,250,000 (L)	16.51%	4.53%
Flat Glass Group Co., Ltd. (福萊特玻璃集團股份有限公司) (Note 12)	H Shares	Interest in a controlled corporation	6,250,000 (L)	16.51%	4.53%
Hong Sung Timber Trading Co., Limited (香港泓盛木業貿易有限公司) (Note 13)	H Shares	Beneficial owner	6,082,000 (L)	16.07%	4.41%
Jiaxing Jinyuan Investment Co., Ltd.* (嘉興金源投資有限公司) (Note 13)	H Shares	Interest in a controlled corporation	6,082,000 (L)	16.07%	4.41%
Shen Xiaohong (沈小紅) (Note 13)	H Shares	Interest in a controlled corporation	6,082,000 (L)	16.07%	4.41%
Mingyuan Group Investment Limited (Note 14)	H Shares	Beneficial owner	5,300,000 (L)	14.00%	3.84%
Shum Tin Ching (沈天晴) (Note 14)	H Shares	Interest in a controlled corporation	5,300,000 (L)	14.00%	3.84%
Wang Xinmei (王新妹) (Note 15)	H Shares	Interest of spouse	5,300,000 (L)	14.00%	3.84%
ENN Energy China Investment Limited (Note 10 & 11)	H Shares	Beneficial owner	4,355,500 (L)	11.51%	3.16%
ENN Energy Holdings Limited (新奧能源控股有限公司) (Note 10 & 11)	H Shares	Interest in a controlled corporation	4,355,500 (L)	11.51%	3.16%
Xinneng (Hong Kong) Energy Investment Limited (新能(香港)能源投資有限公司) (Note 10 & 11)	H Shares	Interest in a controlled corporation	4,355,500 (L)	11.51%	3.16%
ENN Natural Gas Co., Ltd. (新奧天然氣股份有限公司) (Note 10 & 11)	H Shares	Interest in a controlled corporation	4,355,500 (L)	11.51%	3.16%

## REPORT OF THE DIRECTORS

Name	Class of Shares	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding in the relevant class of Shares (Note 2)	Total approximate percentage of shareholding in the total share capital of the Company (Note 3)
ENN Group International Investment Limited (Note 10 & 11)	H Shares	Interest in a controlled corporation	4,355,500 (L)	11.51%	3.16%
ENN Investment Holdings Company Limited (Note 10 & 11)	H Shares	Interest in a controlled corporation	4,355,500 (L)	11.51%	3.16%
ENN Capital Management Co., Ltd. (新奧資本管理有限公司) (Note 10 & 11)	H Shares	Interest in a controlled corporation	4,355,500 (L)	11.51%	3.16%
Langfang City Natural Gas Company Limited (廊坊市天然氣有限公司) (Note 10 & 11)	H Shares	Interest in a controlled corporation	4,355,500 (L)	11.51%	3.16%
ENN Yingchuang Technology Co., Ltd. (新奧贏創科技有限公司) (Note 10 & 11)	H Shares	Interest in a controlled corporation	4,355,500 (L)	11.51%	3.16%
Wang Yusuo (王玉鎖) (Note 10 & 11)	H Shares	Interest in a controlled corporation	4,355,500 (L)	11.51%	3.16%
Zhao Baoju (趙寶菊) (Note 10 & 11)	H Shares	Interest in a controlled corporation	4,355,500 (L)	11.51%	3.16%
Liu Zhenjiang (劉振江) (Note 16)	H Shares	Beneficial owner	49,000 (L)	0.13%	0.04%
		Interest in a controlled corporation	2,748,000 (L)	7.26%	1.99%
Dan Hongying (但紅英) (Note 17)	H Shares	Interest of spouse	2,797,000 (L)	7.39%	2.03%
Fashion Home International Trading Co., Limited (香港美時居國際貿易有限公司) (Note 16)	H Shares	Beneficial owner	2,748,000 (L)	7.26%	1.99%
ARTREE INTERNATIONAL LIMITED (Note 16)	H Shares	Interest in a controlled corporation	2,748,000 (L)	7.26%	1.99%
Zhao Min (趙敏)	H Shares	Beneficial owner	2,284,500(L)	6.04%	1.66%
CHCC RTT Investment (HK) Limited (仁和智本風險交易策略投資(香港)有限公司) (Note 18)	H Shares	Beneficial owner	1,918,000 (L)	5.07%	1.39%
Zheng Yifang (鄭義芳) (Note 18)	H Shares	Interest in a controlled corporation	1,918,000(L)	5.07%	1.39%

# REPORT OF THE DIRECTORS

## Notes:

- (1) The letter “L” denotes the shareholder’s long position in the Shares and underlying shares of the Company. The letter “S” denotes the shareholder’s short position in the Shares and underlying shares of the Company.
- (2) The calculation is based on the total number of 100,000,000 Domestic Shares in issue or 37,844,500 H Shares in issue.
- (3) The calculation is based on the total number of 137,844,500 Shares in issue.
- (4) On 16 July 2023, Taiding, Zhuji Yujia, Mr. Xu Songqiang (徐松強) and Ms. Xu Hua (徐華) (together, the “**concert parties**”) entered into concert party agreements with respect to their interests in the Company. On 23 December 2025, the concert parties entered into an agreement for termination of the concert party agreement with effect from the date thereof (the “**termination agreement**”), upon which the concert party agreement shall be of no further force or effect and all of the respective rights and obligations of the concert parties thereunder shall cease and determine. Accordingly, with effect from the date of the termination agreement, the concert parties should no longer be considered parties acting in concert, and each of them should no longer be taken to be interested in the Shares beneficially owned by the other members of the concert parties.
- (5) On 31 December 2025, Xinao Gas Development Company Limited\* (新奧燃氣發展有限公司) entered into a share transfer agreement with Taiding, pursuant to which Xinao Gas Development Company Limited\* (新奧燃氣發展有限公司) agreed to transfer to Taiding 7,155,049 Domestic Shares. Completion of such share transfer had not been completed as at 31 December 2025. Taiding was deemed to be interested in the 7,155,049 Domestic Shares as at 31 December 2025. Accordingly, Taiding was interested in a total of 37,577,760 Domestic Shares as at 31 December 2025. Taiding is a company owned as to 65% by Mr. Sun Lianqing and 35% by Ms. Xu Lili, the spouse of Mr. Sun Lianqing. Ms. Xu Lili is deemed to be interested in the same number of Shares in which Taiding is interested under the SFO.
- (6) City Development was wholly-owned by Zhejiang Jiaying State-owned Capital Investment Management Company Limited\* (浙江嘉興國有資本投資運營有限公司), which was owned as to 95.4827% by State-owned Assets Supervision and Administration Commission of Jiaying Municipal People’s Government\* (嘉興市人民政府國有資產監督管理委員會) and as to 4.5173% by Zhejiang Caikai Group Co., Ltd.\* (浙江省財開集團有限公司), a wholly-owned entity under Zhejiang Provincial Department of Finance\* (浙江省財政廳), respectively. Under the SFO, each of Zhejiang Jiaying State-owned Capital Investment Management Company Limited\* and Jiaying State-owned Assets Supervision and Administration Commission is deemed to be interested in the same number of Shares in which City Development is interested. Mr. Yu Jianming, the non-executive Director, serves as the deputy secretary of the party committee of City Development. Mr. Zheng Huanli, the non-executive Director, serves as the full-time vice chairman of the Trade Union Federation of City Development.
- (7) Zhuji Yujia is wholly-owned by Qianyu, which is 40%-owned by Mr. Tang Shiyao. Under the SFO, each of Mr. Tang Shiyao and Qianyu is deemed to be interested in the same number of Shares in which Zhuji Yujia is interested.
- (8) Zhuji Yujia is wholly-owned by Qianyu, which is 60%-owned by Ms. Fu Fangying. Under the SFO, each of Ms. Fu Fangying and Qianyu is deemed to be interested in the same number of Shares in which Zhuji Yujia is interested.
- (9) On 31 December 2025, Xinao Gas Development Company Limited\* (新奧燃氣發展有限公司) entered into a share transfer agreement with Taiding, pursuant to which Xinao Gas Development Company Limited\* (新奧燃氣發展有限公司) agreed to transfer to Taiding 7,155,049 domestic Shares. Completion of such share transfer had not been completed as at 31 December 2025 and so Xinao Gas Development Company Limited\* (新奧燃氣發展有限公司) was deemed to be interested in such Shares as at 31 December 2025. Xinao Gas Development Company Limited\* (新奧燃氣發展有限公司) was a wholly-owned subsidiary of Xinao (China) Gas Investment Company Limited\* (新奧(中國)燃氣投資有限公司), which was in turn a wholly-owned subsidiary of ENN Energy Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2688). Under the SFO, each of Xinao (China) Gas Investment Company Limited\* and ENN Energy Holdings Limited is deemed to be interested in the same number of Shares in which Xinao Gas Development Company Limited\* is interested.
- (10) ENN Energy Holdings Limited indirectly owned as to 33.30% by Mr. Wang Yusuo (“**Mr. Wang**”) and Ms. Zhao Baoju (“**Ms. Zhao**”), the spouse of Mr. Wang through their controlled corporations, including ENN Yingchuang Technology Co., Ltd. (“**EYCT**”), Langfang City Natural Gas Company Limited (“**LCNG**”), ENN Capital Management Co., Ltd. (“**ECM**”), ENN Investment Holdings Company Limited (“**EIH**”), ENN Group International Investment Limited (“**EGII**”), ENN Natural Gas Co., Ltd. (“**ENN-NG**”) and Xinneng (Hong Kong) Energy Investment Limited (“**Xinneng HK**”). Under the SFO, each of Mr. Wang, Ms. Zhao, EYCT, LCNG, ECM, EIH, EGII, ENN-NG and Xinneng HK is deemed to be interested in the same number of Shares in which ENN Energy Holdings Limited, Xinao (China) Gas Investment Company Limited\* and Xinao Gas Development Company Limited\* are interested.

- (11) The Shares are held by ENN Energy China Investment Limited, a wholly-owned subsidiary of ENN Energy Holdings Limited (新奧能源控股有限公司). Under the SFO, ENN Energy Holdings Limited is deemed to be interested in the same number of Shares in which ENN Energy China Investment Limited is interested.
- (12) Flat (Hong Kong) Co., Limited (福萊特(香港)有限公司) was a wholly-owned subsidiary of Flat Glass Group Co., Ltd., the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 6865) and the Shanghai Stock Exchange (Stock code: 601865). Under the SFO, Flat Glass Group Co., Ltd. is deemed to be interested in the same number of Shares in which Flat (Hong Kong) Co., Limited is interested. Ms. Ruan Zeyun, the non-executive Director, serves as the executive Director and company secretary of Flat Glass Group Co., Ltd..
- (13) Hong Sung Timber Trading Co., Limited (香港泓盛木業貿易有限公司) was a wholly-owned subsidiary of Jiaxing Jinyuan Investment Co., Ltd.\* (嘉興金源投資有限公司), which was in turn owned as to 75% by Mr. Shen Xiaohong. Under the SFO, each of Jiaxing Jinyuan Investment Co., Ltd.\* and Mr. Shen Xiaohong is deemed to be interested in the same number of Shares in which Hong Sung Timber Trading Co., Limited is interested.
- (14) Mingyuan Group Investment Limited was wholly-owned by Mr. Shum Tin Ching. Under the SFO, Mr. Shum Tin Ching is deemed to be interested in the same number of Shares in which Mingyuan Group Investment Limited is interested.
- (15) Ms. Wang Xinmei is the spouse of Mr. Shum Tin Ching. Under the SFO, Ms. Wang Xinmei is deemed to be interested in the same number of Shares in which Mr. Shum Tin Ching is interested.
- (16) Fashion Home International Trading Co., Limited (香港美時居國際貿易有限公司) was wholly-owned by ARTREE INTERNATIONAL LIMITED, which was in turn wholly owned by Mr. Liu Zhenjiang. Under the SFO, Mr. Liu Zhenjiang is deemed to be interested in the same number of Shares in which Fashion Home International Trading Co., Limited is interested.
- (17) Ms. Dan Hongying (但紅英) is the spouse of Mr. Liu Zhenjiang (劉振江). Under the SFO, Ms. Dan Hongying is deemed to be interested in the same number of Shares in which Mr. Liu Zhenjiang is interested.
- (18) CHCC RTT Investment (HK) Limited (仁和智慧本風險交易策略投資(香港)有限公司) was wholly-owned by Ms. Zheng Yifang (鄭義芳). Under the SFO, Ms. Zheng Yifang is deemed to be interested in the same number of Shares in which CHCC RTT Investment (HK) Limited is interested.

Save as disclosed above, as at 31 December 2025, the Directors are not aware of any other person (other than the Directors, Supervisors or chief executives of the Company) who had an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fail to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2025, the Group had conducted the following continuing connected transactions:

### LEASE OF LNG STATION AND EQUIPMENT FROM JIAXING PIPELINE COMPANY

On 1 January 2012, the Company entered into a LNG station tenancy agreement (the “**LNG Station Tenancy Agreement**”) with Jiaxing Pipeline Company. Pursuant to the LNG Station Tenancy Agreement, Jiaxing Pipeline Company, as lessor, agreed to lease to the Group the LNG station and equipment in Nanhu for a term commencing on 1 January 2012 and ending on 31 December 2028. The annual rent under the LNG Station Tenancy Agreement is variable and will be determined with reference to the maintenance fee for the relevant equipment and facilities, depreciation of the relevant equipment and facilities, finance expenses and actual profit generated from the LNG station. The Directors estimated that the annual rent to be paid by the Company for each of the nine years ending 31 December 2028 for the transactions contemplated under the LNG Station Tenancy Agreement would not exceed RMB3.2 million.

Jiaxing Pipeline Company owned a LNG station in Nanhu District of Jiaxing. By entering into the LNG Station Tenancy Agreement, the Company would be able to secure continuous and long-term use of the LNG station in Nanhu for its LNG sale.

As at the date of Listing, Jiaxing Pipeline Company was a direct wholly-owned subsidiary of City Development, a Substantial Shareholder. Under Chapter 14A of the Listing Rules, Jiaxing Pipeline Company was an associate of City Development and a connected person of the Company, and the transactions contemplated under the LNG Station Tenancy Agreement constituted continuing connected transactions upon Listing. Based on the applicable percentage ratios, such transactions would be subject to the disclosure (including announcement and annual reporting) and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements in accordance with Chapter 14A of the Listing Rules. Pursuant to Rule 14A.105 of the Listing Rules, the Company has applied for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with the requirements under Chapter 14A of the Listing Rules to (i) announce the transactions contemplated under the LNG Station Tenancy Agreement; and (ii) limit the term of the LNG Station Tenancy Agreement to a period of three years or less.

For the year ended 31 December 2025, the total rental paid by the Company amounted to RMB2.7 million.

Please refer to the paragraphs headed “Continuing Connected Transactions – Continuing Connected Transactions Which Are Subject to the Reporting, Annual Review and Announcement Requirements But Exempt from the Independent Shareholders’ Approval Requirement – Lease of LNG station and equipment by Jiaxing Pipeline Company to our Group” in the Prospectus for further details.

## PURCHASE OF CONSTRUCTION MATERIALS FROM ZHEJIANG JINFENG

On 30 December 2022, Jiaran Construction, a direct wholly-owned subsidiary of the Company, entered into a master agreement (the “**2023-2025 Construction Materials Supply Agreement**”) with Zhejiang Jinfeng Pipeline Co., Ltd.\* (浙江錦楓管業有限公司) (formerly known as Zhuji Jinfeng Pipeline Company Limited\* (諸暨錦楓管業有限公司)) (“**Zhejiang Jinfeng**”). Pursuant to the 2023-2025 Construction Materials Supply Agreement, Zhejiang Jinfeng, as supplier, agreed to supply pipeline network construction materials to Jiaran Construction for a term commencing on 1 January 2023 and ending on 31 December 2025. The detailed terms and conditions such as the manner of payment, price, volume and delivery arrangements shall be determined in specific agreements to be entered into between Jiaran Construction and Zhejiang Jinfeng. The price payable under each separate agreement should be determined by Jiaran Construction and Zhejiang Jinfeng after arm’s length negotiations with respect to Jiaran Construction’s specific needs of products with reference to the prevailing relevant market prices. Jiaran Construction shall obtain quotes from independent third party suppliers from time to time to understand the market prices and to ensure the purchase price and terms offered by Zhejiang Jinfeng to Jiaran Construction would be fair and reasonable and comparable to those offered by independent third parties. If the price offered by Zhejiang Jinfeng is higher than the prices quoted by independent third parties for products in similar quantities, Jiaran Construction has the right to adjust the price of an executed order, and Zhejiang Jinfeng agrees that Jiaran Construction may deduct the difference from the payment due to Zhejiang Jinfeng. The Directors estimated that the annual aggregate amount of fees payable by Jiaran Construction to Zhejiang Jinfeng for the years ended 31 December 2023, 2024 and 2025 for the transactions contemplated under the 2023-2025 Construction Materials Supply Agreement would not exceed RMB4.6 million, RMB5.2 million and RMB5.8 million respectively. On 28 August 2025, anticipating that the aggregate transaction amount under the 2023-2025 Construction Materials Supply Agreement for the year ended 31 December 2025 would exceed the existing annual cap as previously set by the Board and announced by the Company, the Board had resolved to revise the annual cap on such transactions (the “**2025 Annual Cap Revision**”). The revised annual cap (tax exclusive) for the year ended 31 December 2025 was RMB10.0 million.

Historically, the Group had, from time to time during its ordinary and usual course of business, purchased pipeline network construction materials from Zhejiang Jinfeng for pipeline construction and connection operation. This was primarily because (i) the existing production capacity of Zhejiang Jinfeng could meet the Group’s potential increase in demand for pipeline network construction materials; and (ii) Zhejiang Jinfeng had provided the Group with steady and high quality products in the past. The entering into of the 2023-2025 Construction Materials Supply Agreement would permit continuation of such business arrangements, such that the Group could be assured of stable and uninterrupted supply of pipeline network construction materials by Zhejiang Jinfeng and continue to enjoy the associated benefits.

As at the date of the 2023-2025 Construction Materials Supply Agreement and the 2025 Annual Cap Revision, Zhejiang Jinfeng was a 30%-controlled company (as defined in the Listing Rules) of the spouse of Mr. Fu Songquan, a non-executive Director. Under Chapter 14A of the Listing Rules, Zhejiang Jinfeng was an associate of Mr. Fu Songquan and a connected person of the Company, and the transactions contemplated under the 2023-2025 Construction Materials Supply Agreement and the 2025 Annual Cap Revision constituted continuing connected transactions. Based on the applicable percentage ratios, such transactions are subject to the disclosure (including announcement and annual reporting) and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements in accordance with Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, the annual purchase price paid by the Group under the 2023-2025 Construction Materials Supply Agreement and the 2025 Annual Cap Revision amounted to approximately RMB6.2 million.

Please refer to the announcements of the Company dated 30 December 2022 and 28 August 2025 in connection with the above continuing connected transactions for further details.

### PURCHASE AND PROCUREMENT OF NATURAL GAS AND PIPELINE GAS TRANSMISSION SERVICES FROM JIAXING PIPELINE COMPANY AND/OR ITS SUBSIDIARIES

On 16 June 2016, the Group entered into two master supply agreements (the “**Master Supply Agreements**”) with Jiaxing Pipeline Company. Pursuant to the Master Supply Agreements, Jiaxing Pipeline Company shall sell to the Company PNG in Jiaxing for a term up to 31 December 2025.

On 14 July 2023, the Company entered into a natural gas framework agreement (the “**New Natural Gas Framework Agreement**”) with Jiaxing Pipeline Company. Pursuant to the New Natural Gas Framework Agreement, Jiaxing Pipeline Company and/or its subsidiaries shall supply natural gas and pipeline gas transmission services to the Group for the period from 1 April 2023 to 31 March 2028 in substitution for the existing Master Supply Agreements to reflect, among others, the new pricing basis under which the Group would purchase, and Jiaxing Pipeline Company and/or its subsidiaries would sell to the Group, natural gas for a term commencing on 1 April 2023 and ending on 31 March 2028. For natural gas is sold and transmitted by Jiaxing Pipeline Company and/or its subsidiaries to the Group, the price to be charged shall be the gas sourcing price consisting of the two components of (i) gas purchase price and (ii) pipeline gas transmission price. For natural gas transmitted by Jiaxing Pipeline Company and/or its subsidiaries only (where the natural gas is sold by parties other than Jiaxing Pipeline Company and/or its subsidiaries), the price to be charged shall be the pipeline gas transmission price only. The gas purchase price shall be determined based on the government regulated price published by Zhejiang Provincial Development and Reform Commission from time to time. If there is no such government regulated price, the price shall be the price at which Jiaxing Pipeline Company purchases the natural gas from its upstream supplier(s). Pipeline gas transmission price shall be determined based on the government regulated price published by Jiaxing Development and Reform Commission from time to time. The Directors estimated that total amount of prices to be charged under the New Natural Gas Framework Agreement for the years ended 31 December 2023, 2024, 2025, 2026 and 2027 and for the three months ending 31 March 2028 would not exceed RMB1,350 million, RMB1,385 million, RMB1,550 million, RMB1,600 million, RMB1,670 million and RMB450 million, respectively.

Under the Master Supply Agreements, the gas sourcing price (which comprised (1) gas purchase price and (2) pipeline gas transmission price) charged by Jiaxing Pipeline Company to the Group shall be set according to the pricing notices published by the government from time to time. Pursuant to the new regulatory policy in Zhejiang Province, the PRC which came into effect on 1 April 2023, pricing notices regulating the gas purchase prices would no longer be issued by the government, whereas pricing notices regulating the pipeline gas transmission price would remain to be issued by the government from time to time. Such changes in regulatory policy necessitated corresponding changes to the pricing basis for transactions contemplated under the Master Supply Agreements. The New Natural Gas Framework Agreement was entered in response to the such changes and to ensure continuous supply of natural gas by Jiaxing Pipeline Company to the Group. The New Natural Gas Framework Agreement shall take effect and substitute the Master Supply Agreements after the necessary approval is obtained from the Independent Shareholders.

As at the date of the New Natural Gas Framework Agreement, Jiaxing Pipeline Company was a direct wholly-owned subsidiary of City Development, a Substantial Shareholder. Under Chapter 14A of the Listing Rules, Jiaxing Pipeline Company was an associate of City Development and a connected person of the Company, and the transactions contemplated under the New Natural Gas Framework Agreement constituted continuing connected transactions. Based on the applicable percentage ratios, such transactions would be subject to the disclosure (including announcement and annual reporting), circular (including independent financial advice), independent shareholders’ approval and annual review requirements in accordance with Chapter 14A of the Listing Rules. The New Natural Gas Framework Agreement was approved by the independent shareholders at the extraordinary general meeting of the Company held on 17 August 2023.

For the year ended 31 December 2025, the total PNG and pipeline gas transmission service fees under the New Natural Gas Framework Agreement amounted to approximately RMB492.2 million.

Please refer to the announcement of the Company dated 14 July 2023 and the circular of the Company dated 31 July 2023 in connection with the above continuing connected transactions for further details.

### LEASE OF PIPELINE NETWORK FROM JIAXING PIPELINE COMPANY

On 28 March 2024, the Company entered into a pipeline lease framework agreement (the “**Pipeline Lease Framework Agreement**”) with Jiaxing Pipeline Company. Pursuant to the Pipeline Lease Framework Agreement, Jiaxing Pipeline Company, as lessor, may from time to time enter into definitive lease agreements with the Company as lessee in relation to lease for a fixed term of specific medium pressure natural gas pipelines (being the medium pressure natural gas pipelines which Jiaxing Pipeline Company transfers to the Company on or before 15 December each year (the “**Leased Pipelines**”)) within the area of concession of Jiaxing Pipeline Company in the Jiaxing Urban Operating Area during the period from 1 April 2024 to 31 December 2026, subject to and in accordance with the terms and conditions of the Pipeline Lease Framework Agreement. The annual rent payable under each definitive lease agreement entered into in accordance with the Pipeline Lease Framework Agreement is calculated at the rate of 9.16% of the total investment costs of the Leased Pipelines. Such a pricing basis has been agreed based on arm’s length negotiation, taking into account factors including (i) investment costs; (ii) depreciation of the Leased Pipeline(s); and (iii) investment return, and is consistent with the basis of determination of the rent payable in respect of historical leases of pipeline networks by Jiaxing Pipeline Company to the Company. Jiaxing Pipeline Company shall provide to the Company all relevant breakdowns in relation to investment costs incurred by Jiaxing Pipeline Company on the construction of the Leased Pipelines, as well as all other information and documents reasonably requested by the Company in order to ascertain the relevant rent payable and term of lease under each definitive lease agreement. The Directors estimated that the maximum aggregate value of the right-of-use assets relating to the definitive lease agreement(s) to be entered into between Jiaxing Pipeline Company and the Company and recognised in the financial statements of the Group at the point in time when control of the subject assets is transferred to the Group under each definitive lease agreement during each period/year within the term of the Pipeline Lease Framework Agreement (i.e. the period from 1 April 2024 to 31 December 2024 and the two years ending 31 December 2026) would not exceed RMB17.0 million.

Pursuant to the Concessions, the Group has the right to construct urban pipeline network within the Own Pipeline Area. Jiaxing Pipeline Company is responsible for investing in and constructing urban pipeline network and gas facilities in the Jiaxing Urban Operating Area which does not form part of Own Pipeline Area according to the Group’s business development plans and strategies. The Group manages and arranges for construction of such pipeline network and gas facilities for Jiaxing Pipeline Company, and the Group’s main responsibilities include (i) tendering for survey and design institutes, raw material suppliers, construction companies and other services; (ii) assisting in applying for necessary licences and permits; and (iii) arranging for project inspection and audit of the project settlement statement. Since Jiaxing Pipeline Company had invested and owned some pipeline network and gas facilities within the Jiaxing Urban Operating Area which does not form part of Own Pipeline Area at the time the Group was granted the Jiaxing Urban Area Concession, pursuant to the relevant local government’s requirement, Jiaxing Pipeline Company and the Company entered into a framework agreement, which was annexed to and formed part of the Jiaxing Urban Area Concession, stipulating that Jiaxing Pipeline Company shall lease all of its invested urban pipeline network and gas facilities in the Jiaxing Urban Operating Area to the Company for its use and operation of its PNG business, which the relevant local government had knowledge of and approved. Since 2009, the Group has been leasing urban pipeline network and gas facilities owned by Jiaxing Pipeline Company in the Jiaxing Urban Operating Area and the Group has been responsible for the maintenance and repair of such leased pipelines and facilities.

## REPORT OF THE DIRECTORS

Historically, the Group had entered into various definitive lease agreements to secure the use of certain pipeline networks in the JiaXing Urban Operating Area which does not form part of the Own Pipeline Area for the Group's operation in a larger area with lesser capital investment. By entering into the Pipeline Lease Framework Agreement, the Group will enjoy greater flexibility and administrative efficiency in developing its leased pipeline network, in that the Group can enter into definitive lease agreements from time to time as and when necessary during the period of time covered by the Pipeline Lease Framework Agreement to address its business needs.

As at the date of the Pipeline Lease Framework Agreement, Jiaxing Pipeline Company was a direct wholly-owned subsidiary of City Development, a Substantial Shareholder. Under Chapter 14A of the Listing Rules, Jiaxing Pipeline Company was an associate of City Development and a connected person of the Company, and the transactions contemplated under the Pipeline Lease Framework Agreement constituted continuing connected transactions. Based on the applicable percentage ratios, the transactions contemplated under the Pipeline Lease Framework Agreement are subject to the disclosure (including announcement and annual reporting) and annual review requirements but exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, the amount of right-of-use assets recognized by the Company in the Group's financial statements under the Pipeline Lease Framework Agreement was RMB13.8 million.

Please refer to the announcement of the Company dated 28 March 2024 in connection with the above continuing connected transactions for further details.

### SALE OF NATURAL GAS TO JIAXING PIPELINE COMPANY

On 23 May 2024, the Company, as supplier and Jiaxing Pipeline Company, as purchaser entered into a natural gas supply framework agreement (the "**Natural Gas Supply Framework Agreement**"), pursuant to which Jiaxing Pipeline Company and the Company may, from time to time, enter into definitive agreements in relation to supply of natural gas by the Company to Jiaxing Pipeline Company during the period from 23 May 2024 to 31 March 2027, on and subject to the terms and conditions of the Natural Gas Supply Framework Agreement. The price which the Company shall charge Jiaxing Pipeline Company for supply of natural gas shall be determined between the parties through arm's length negotiations based on the prevailing market prices and the exact amount payable by Jiaxing Pipeline Company and the arrangements (such as the manner of payment and gas delivery arrangements) for specific transactions shall be detailed in the definitive agreements to be entered into between the parties. The Directors estimated that the aggregate amount payable by Jiaxing Pipeline Company to the Company for supply of natural gas under the Natural Gas Supply Framework Agreement for the period from 23 May 2024 to 31 December 2024, the two years ending 31 December 2026 and the period from 1 January 2027 to 31 March 2027 shall not exceed RMB40.0 million, RMB250.0 million, RMB250.0 million and RMB65.0 million, respectively.

Under the reformation of the natural gas supply regime, with effect from 1 April 2023, provincial pipeline networks have been incorporated into the state pipeline networks and transportation and sale of natural gas has become separated in Zhejiang Province. Utilising the liquefied natural gas terminal and storage facilities of Hangjiaxin, the Company has been able to procure liquefied natural gas from overseas suppliers. This has put the Company in an advantageous competitive position as a natural gas supplier. Given the Company's access to natural gas resources, Jiaxing Pipeline Company is willing to procure natural gas from the Company to meet its operating needs in relation to supply of natural gas to Jiaxing.

The Company, on the other hand, is minded to address the business needs of Jiaxing Pipeline Company through continuous supply of natural gas to it. The entering into of the Natural Gas Supply Framework Agreement will allow the Group to take advantage of the stable demand of Jiaxing Pipeline Company for natural gas. Revenue of a sizeable amount is expected to be generated from the business collaboration between Jiaxing Pipeline Company and the Company, which will serve to enrich the income streams of the Company and promote its operating results.

As at the date of the Natural Gas Supply Framework Agreement, Jiaxing Pipeline Company was a direct wholly-owned subsidiary of City Development, a Substantial Shareholder. Under Chapter 14A of the Listing Rules, Jiaxing Pipeline Company was an associate of City Development, and hence a connected person of the Company, and the transactions contemplated under the Natural Gas Supply Framework Agreement constituted continuing connected transactions. Based on the applicable percentage ratios, such transactions contemplated would be subject to the disclosure (including announcement and annual reporting), circular (including independent financial advice), independent shareholders' approval and annual review requirements in accordance Chapter 14A of the Listing Rules. The Natural Gas Supply Framework Agreement was approved by the independent shareholders at the extraordinary general meeting held on 4 July 2024.

For the year ended 31 December 2025, the Company has not sold natural gas to Jiaxing Pipeline Company.

Please refer to the announcement of the Company dated 23 May 2024 and the circular of the Company dated 18 June 2024 in connection with the above continuing connected transactions for further details.

### **CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The independent non-executive Directors had reviewed the continuing connected transactions conducted during the year ended 31 December 2025 as set forth above and confirmed that such transactions had been conducted:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms; and
- (3) according to the agreements governing them on terms that fair and reasonable and in the interests of Shareholders as a whole.

### **CONFIRMATION BY AUDITOR**

The external auditor of the Company was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter to the Board of Directors containing its conclusions in respect of the continuing connected transactions conducted during the year ended 31 December 2025 as set forth above on the matters referred to in Rule 14A.56 of the Listing Rules.

# REPORT OF THE DIRECTORS

## RELATED PARTY TRANSACTIONS

Save for the transactions disclosed in the sections headed “Connected Transactions” and “Continuing Connected Transactions” above, none of the related party transactions as disclosed in note 36 to the financial statements constituted a connected transaction or continuing connected transaction that was not fully exempt from all disclosure, shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules.

## COMPLIANCE WITH DISCLOSURE REQUIREMENTS IN RELATION TO CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in relation to those connected transactions and continuing connected transactions conducted by the Group during the year ended 31 December 2025 which were not exempt from the disclosure requirements under Chapter 14A of the Listing Rules.

The Company has also followed its pricing policies and guidelines (where applicable) as set out in the respective agreements governing the above-mentioned continuing connected transactions when determining the prices and terms of the relevant transactions conducted during the year ended 31 December 2025.

## MATERIAL LITIGATION

The Group was not involved in any material litigation or arbitration during the year ended 31 December 2025. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended 31 December 2025 and up to the date of this annual report.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the total revenue attributable to the Group’s five largest customers was approximately 13.38%, and the revenue attributable to the Group’s largest customer from the sales was approximately 2.04%. Flat Glass Group Co., Ltd., which was owned as to more than 5% for the year ended 31 December 2025 by Ms. Ruan Zeyun, a non-executive Director, was the first largest customer of the Group for the year ended 31 December 2025.

During the year ended 31 December 2025, the total purchases attributable to the Group’s five largest suppliers was approximately 71.83% and the purchase attributable to the Group’s largest supplier was approximately 11.98%. Jiaxing Pipeline Company, which is a direct wholly-owned subsidiary of City Development, a Substantial Shareholder, was the largest supplier of the Group for the year ended 31 December 2025.

At all times during the year ended 31 December 2025, save as disclosed above, none of the Directors, their close associates or any Shareholder who, to the knowledge of the Directors, owns more than 5% of the Company’s issued share capital, had any direct interest in any of the Group’s five largest customers and suppliers.

## RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group understands the importance of maintaining good relationships with its stakeholders and considers it a key element to its sustainable business growth.

## EMPLOYEES

The Group has always been people-oriented and has attached great importance to its human resources management. The Group attracts talents through a fair recruitment policy and provides employees with training opportunities, good career development prospects and growth opportunities. In addition, the Group offers attractive remuneration packages to its employees. The Group also values its employees' physical and mental developments.

In accordance with applicable PRC regulations, the employees of the Group based in the PRC are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of the payroll costs to the central pension scheme. There is no provision under the central pension scheme for forfeited contributions to be used by the Group to reduce the existing level of contributions.

As at 31 December 2025, the male-to-female ratio in the workforce, including the senior management, was approximately 1 to 0.4. While the Group recognises the importance and benefits of having different genders in the working environment, the business nature of the Group requires the Group to hire a higher proportion of male employees. The Group shall further strengthen the gender diversity in the workforce in the future where possible.

## CUSTOMERS AND SUPPLIERS

The Group strives to build and maintain long term and strong relationships with customers. The Company's business department has from time to time conducted a customer satisfaction survey with a view to understand and fulfill customers' demands and enhance their satisfaction. In terms of suppliers, the Group's objective is to keep mutually beneficial and win-win partnerships with all suppliers. At the same time, the Group regularly evaluates the performance of its suppliers.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025. As at 31 December 2025, there were no treasury shares held by the Company.

## EQUITY-LINKED AGREEMENT

The Company did not enter into any equity-linked agreement, nor did any equity-linked agreement exist during the year ended 31 December 2025.

## PERMITTED INDEMNITY PROVISION

The Company has purchased appropriate liability insurance for its Directors, Supervisors and senior management. The permitted indemnity provisions are set out in such liability insurance. During the year ended 31 December 2025 and as at the date of this report, such permitted indemnity provisions were in force.

# REPORT OF THE DIRECTORS

## COMPLIANCE WITH CG CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code. For the year ended 31 December 2025, the Company has complied with all code provisions as set out in the CG Code\*, save for code provisions C.2.1 and F.1.1. For more details, please see the section headed “Corporate Governance Report” of this annual report.

\* The amendments to the CG Code effective on 1 July 2025 will apply to the corporate governance report and annual reports for financial years commencing on or after 1 July 2025. For this report, the Company shall refer to the then effective CG Code.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to operate in compliance with the applicable environmental laws as well as protecting the environment by minimising the negative impact of the Group’s existing business activities on the environment. To the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection for the year ended 31 December 2025. For details, please refer to the Environmental, Social and Governance Report for the year ended 31 December 2025 published by the Company which can be accessed on the websites of the Stock Exchange and the Company.

## COMPLIANCE WITH LAWS AND REGULATIONS

Since the Company is established and conducts its operations mainly in the PRC, and its H Shares are listed on the Stock Exchange, its establishment and operations have to comply with the relevant laws and regulations in both the PRC and Hong Kong. During the year ended 31 December 2025, the Company had complied with the relevant laws and regulations in the PRC and Hong Kong.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules at all times during the year ended 31 December 2025 and up to the date of this annual report.

## AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed together with the management of the Company the accounting principles and policies adopted by the Group and the audited annual results for the year ended 31 December 2025.

## AUDITOR

The consolidated financial statements for the year ended 31 December 2025 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for the re-appointment of Ernst & Young as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

**Sun Lianqing**  
*Chairman*

Jiaxing, Zhejiang, the PRC  
27 March 2026

# REPORT OF THE BOARD OF SUPERVISORS

During the Reporting Period, in a serious and accountable manner, the board of Supervisors has conducted effective supervision and inspection on the lawful operation and financial situation of the Company, as well as the implementation of management system of the Company. The board of Supervisors has conscientiously performed its supervisory duties on the members of the Board of Directors and the management of the Company, in strict accordance with the Company Law, the articles of association of the Company, and other relevant laws and regulations.

## LAWFUL OPERATION OF THE COMPANY

During the Reporting Period, by convening regular meetings, being present at or attending as non-voting participants in Board meeting and shareholders' meetings, and by understanding and reviewing the financial statements on a regular basis, the members of the board of Supervisors have supervised the Company's operations, risk management, internal control, and duty performance of directors and senior management. The board of Supervisors believes that the operations of the Group in 2025 was sound and rational, and have been compliance with various laws, regulations and rules and the articles of association of the Company. The members of the Board and senior management of the Group have conscientiously and diligently performed their duties. There were no acts that damaged the interests of the Company and the legal interest of the Shareholders.

## FINANCIAL ACTIVITIES OF THE COMPANY

During the Reporting Period, the board of Supervisors has carefully reviewed the financial statements and financial information of the Company during the Reporting Period. According to the audit report issued by Ernst & Young, the board of Supervisors believes that the financial report of the Company for the year 2025 presented truly and objectively the financial position and operating results of the Company.

## CONNECTED TRANSACTIONS

The connected transactions (including continuing connected transactions) entered into by the Group disclosed during the Reporting Period were found to be in compliance with relevant laws and regulations, and in conformity to the provisions of relevant connected transactions, and have fulfilled the obligation of information disclosure in accordance with the Listing Rules of the Stock Exchange.

## PLAN FOR 2026

In 2026, the board of Supervisors of the Company will continue to abide by the principle of being responsible to all the Shareholders, and perform its supervisory duties in strict accordance with the requirements of relevant laws and regulations and the articles of association of the Company. With the Company's operations as the core, the board of Supervisors will effectively supervise the Company's major decision-making matters, urge and further improve the Company's internal control system, and facilitate the Company's standardized operation, as well as sustainable and healthy development.

### **Liu Wen**

*Chairman of the board of Supervisors*

Jiaxing, Zhejiang, the PRC  
27 March 2026

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

## CORPORATE GOVERNANCE REPORT AND CORPORATE GOVERNANCE PRACTICES

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of its shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the CG Code\* as the basis of the Company's corporate governance practices. The Board is of the view that throughout the Reporting Period, the Company has complied with all the code provisions of the CG Code effective during the year with the exception of code provisions C.2.1 and F.1.1. Details of the deviation are explained in the subsections headed "Chairman and Chief Executive Officer" and "Dividend Policy" in this report.

\* The amendments to the CG Code effective on 1 July 2025 will apply to the corporate governance report and annual reports for financial years commencing on or after 1 July 2025. For this report, the Company shall refer to the then effective CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted its own code of conduct regarding Directors' and Supervisors' dealings in the Company's securities on terms no less exacting than the Model Code ("**Code of Conduct**").

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

The Code of Conduct also applies to employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Code of Conduct by the employees was noted by the Company throughout the Reporting Period.

## BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance, assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors takes decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including Independent Non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

# CORPORATE GOVERNANCE REPORT

## Composition

The Board currently comprises nine Directors, two executive Directors, four non-executive Directors and three independent non-executive Directors.

The composition of the Board is set out below:

### *Executive Directors*

Mr. Sun Lianqing (*Chairman and Chief Executive Officer*)

Mr. Xu Songqiang

### *Non-executive Directors*

Mr. Zheng Huanli

Mr. Fu Songquan

Mr. Yu Jianming

Ms. Ruan Zeyun

### *Independent Non-executive Directors*

Mr. Yu Youda

Mr. Cheng Hok Kai Frederick

Mr. Zhou Xinfu

The biographical information of the Directors is contained in the section headed “Biographical Details of Directors, Supervisors and Senior Management” of this annual report.

None of the members of the Board is related to one another.

## Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. However, the role of the chairman and the chief executive officer of the Company is not separated and are performed by the same individual, Mr. Sun Lianqing.

Mr. Sun Lianqing, who has been responsible for overall strategic planning and management of the Group since 1998. The Board meets regularly to consider major matters affecting the operations of the Group, as such, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

## Independent Non-Executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received a written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

## BOARD INDEPENDENCE EVALUATION

The Company has established a Board Independence Evaluation Mechanism during the Reporting Period which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence.

During the year ended 31 December 2025, all Directors has completed the independence evaluation and supplemented by individual interviews. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

## Appointment and Re-Election of Directors

All the Directors are subject to retirement by rotation and re-election at annual general meeting. Directors shall be elected at the shareholders' general meeting with a term of office of three (3) years, however, pursuant to the Company's articles of association, an independent non-executive Director shall serve no more than nine years (if more than nine years, such independent non-executive Director's re-election shall be approved by the Shareholders by means of separate resolution). Upon expiry of the term, a Director shall be eligible to offer himself for re-election and re-appointment.

# CORPORATE GOVERNANCE REPORT

## Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors have disclosed to the Company details of other offices held by them and the Board has regularly reviewed the contribution required from each Director to perform his responsibility to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and senior managements' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses.

During the Reporting Period, all the Directors attended training sessions on the respective obligations of the Directors and senior management. In addition, relevant reading materials have been provided to the Directors for their reference and studying.

The training records of the Directors for the Reporting Period are summarized as follows:

<b>Directors</b>	<b>Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops</b>	<b>Reading relevant news alerts, newspapers, journals, magazines and relevant publications</b>
<b>Executive Directors</b>		
Sun Lianqing	✓	✓
Xu Songqiang	✓	✓
<b>Non-executive Directors</b>		
Zheng Huanli	✓	✓
Fu Songquan	✓	✓
Yu Jianming	✓	✓
Ruan Zeyun	✓	
<b>Independent Non-executive Directors</b>		
Yu Youda	✓	✓
Cheng Hok Kai Frederick	✓	✓
Zhou Xinfu	✓	✓

## BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference for the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Each Board committee has also been provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent professional advice in appropriate circumstances at the Group's expense.

# CORPORATE GOVERNANCE REPORT

## Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Yu Youda, Mr. Cheng Hok Kai Frederick and Mr. Zhou Xinfu. Mr. Cheng Hok Kai Frederick is the chairman of the Audit Committee.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Reporting Period, the Audit Committee held two meetings to review the annual and interim financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, re-appointment of external auditors and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties as well as amend the terms of reference of the Audit Committee.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

## Remuneration Committee

The Remuneration Committee consists of one non-executive Director, namely Mr. Yu Jianming, and two independent non-executive Directors, namely Mr. Yu Youda and Mr. Cheng Hok Kai Frederick. Majority of them are independent non-executive Directors. Mr. Yu Youda is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration.

During the Reporting Period, the Remuneration Committee held two meetings to review and make recommendations to the Board on the remuneration policy and structure of the Company, remuneration packages of the executive Directors and senior management.

Details of the remuneration payable to each Director for the Reporting Period are set out in note 9 to the consolidated financial statements.

The remuneration of the members of senior management (excluding Directors and Supervisors) by band for the Reporting Period is set out below:

Remuneration bands (RMB)	Number of persons
0-300,000	–
300,001-600,000	6

## Nomination Committee

The Nomination Committee consists of five members, namely Mr. Sun Lianqing, the Chairman and an executive Director, Ms. Ruan Zeyun, a non-executive Director, and three independent non-executive Directors, namely Mr. Yu Youda, Mr. Zhou Xinfu and Mr. Cheng Hok Kai Frederick. Majority of them are independent non-executive Directors. Mr. Sun Lianqing is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors and senior management, making recommendations to the Board on the appointment and succession planning of Directors, the chairman and the chief executive officer, assisting the Board in maintaining a board skills matrix, developing a policy concerning Board diversity, supporting the Company's regular evaluation of the Board's performance and assessing the independence of independent non-executive Directors.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the board diversity policy (the "**Board Diversity Policy**") and the director nomination policy (the "**Director Nomination Policy**") adopted by the Board on 16 June 2020, summaries of which are detailed in the subsections headed "Board Diversity Policy" and "Directors Nomination Policy" in this report, that are necessary to complement the corporate strategy, where appropriate, before making recommendation to the Board. The Nomination Committee would discuss and agree annually on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the Reporting Period, the Nomination Committee held two meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors.

## Board Diversity Policy

The Company has adopted a Board Diversity Policy on 16 June 2020 which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board.

The Board Diversity Policy provides that the Company should endeavour to ensure that the Board members have the appropriate skills, expertise and diversity of perspectives that are required to support the execution of business strategy. Pursuant to the Board Diversity Policy, selection of candidates will be based on a range of diversity perspectives, including but not limited to skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender. The ultimate decision of appointment will be based on merit and contribution that the selected candidates will bring to the Board and the business needs of the Company from time to time. The Board believes that such merit-based appointments will best enable the Company to serve the Shareholders and other stakeholders going forward.

The Board consists of eight male members and one female, aging from 39 to 79 years old. Based on the membership and composition of the Board, the Nomination Committee considers that the Board has a balanced mix of experiences, including management and strategic development, finance and accounting experiences in addition to the PNG business. Furthermore, the Board has a good mix of new and experienced Directors, who have valuable knowledge and insights of the Group's business over the years, while the new Directors are expected to bring in fresh ideas and new perspective to the Group.

# CORPORATE GOVERNANCE REPORT

With regards to gender diversity on the Board, the Company recognizes the particular importance of gender diversity and will continue to promote gender diversity of the Board. To ensure gender diversity of the Board in the long run, the Company will identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals, which will be reviewed by the Nomination Committee periodically to ensure a pipeline of potential successors to the Board to achieve gender diversity. The Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board. The Group plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development. The Group is of the view that such strategy will offer chances for the Board to identify capable female employees to be nominated as a member of the Board in future.

The Nomination Committee and the Board considered that the current composition of Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

The Nomination Committee will review the Board Diversity Policy as appropriate and recommend revisions, if any, to the Board for consideration and approval.

## GENDER DIVERSITY

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as of the date of this report:

	Female	Male
<b>Board</b>	11.11% (1)	88.89% (8)
<b>Senior Management</b>	50% (4)	50% (4)
<b>Other employees</b>	29.44% (116)	70.56% (278)
<b>Overall workforce</b>	29.85% (120)	70.15% (282)

The Board had achieved at least 11.11% (1) of female Directors, 50% (4) of female senior management and 29.44% (116) of female employees of the Group in 2025 and considers that the above current gender diversity is satisfactory.

## Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and recommendation on the appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to the nomination and appointment of Directors. The Director Nomination Policy aims to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company as well as Board continuity and appropriate leadership at Board level.

The Director Nomination Policy sets out the criteria to be taken into account when considering the suitability of a candidate, including but not limited to the following:

In evaluating and selecting any candidate for directorship, the criteria to be taken into account when considering the suitability of a candidate shall be his or her educational background, qualification, skills and experience with reference to the Company's business and specific needs, his or her character and reputation for integrity, his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities which, in particular, are set out as follows:

- bringing an independent judgment and make constructive recommendation on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;
- taking the lead where potential conflicts of interests arise;
- serving on the audit committee, the remuneration committee and the Nomination Committee (in the case of candidate for non-executive Director) and other relevant Board committees of the Company, if invited;
- devoting sufficient time to the Board and/or any committee(s) on which he or she serves so as to allow them to benefit from his or her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the Board;
- scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;
- ensuring the committees on which he or she serves to perform their powers and functions conferred on them by the Board; and
- conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules on the Stock Exchange, where appropriate.

If the candidate is proposed to be appointed as an independent non-executive Director, his or her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an independent non-executive Director with such qualifications or expertise as required under Rule 3.10(2) of the Listing Rules.

# CORPORATE GOVERNANCE REPORT

The Director Nomination Policy also sets out the process for the selection and nomination of new Directors and re-election of Directors at general meetings as follows:

## **(a) Nomination of New Director**

- (i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company, background check and third-party reference check of each candidate (where applicable).
- (iii) The Nomination Committee should then recommend to the Board to nominate the appropriate candidate for directorship, as applicable.
- (iv) For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

## **(b) Re-election of Director at General Meeting**

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

Where the board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

## **(c) Election of INED at General Meeting**

Where the Board proposes a resolution to elect an individual as an INED at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

- (i) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent;

- (ii) if the proposed INED will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board;
- (iii) the perspectives, skills and experience that the individual can bring to the Board; and
- (iv) how the individual contributes to diversity (including gender diversity) of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

### CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this corporate governance report.

### BOARD MEETINGS

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Notice of regular Board meetings is served to all Directors and Supervisors 14 days prior to the meeting. While at least 7 days' notice shall be given to all members of the Audit Committee, Nomination Committee and Remuneration Committee prior to the meetings, but such notice period can be waived by unanimous consent of all committee members. For extraordinary Board or committee meetings, notice shall be served to all Directors and Supervisors 5 days prior to the meeting.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

Where necessary, senior management would attend regular Board meetings and other Board and committee meetings to advise on business developments, financial and accounting matters, laws and regulatory compliance, corporate governance and other major aspects of the Company.

All the Directors have access to advice and services of the Company's joint company secretaries, who are responsible for ensuring that Board procedures and applicable regulations under the Company's articles of association or otherwise are complied with. Each Director is entitled, if necessary, to seek independent professional advice at the Company's expense.

## CORPORATE GOVERNANCE REPORT

All minutes are kept by the Company and are open for inspection by any Director during normal office hours with reasonable advance notice. Matters considered and decisions reached at the Board and Committee meetings are recorded with sufficient detail in the minutes. Draft and final versions of minutes of Board meetings will be sent to all Directors for their comments and recorded within a reasonable time after the relevant meeting is held.

The Company's articles of association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

### ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board meetings, Board committee meetings and the general meetings of the Company held during the Reporting Period is set out in the table below:

Name of Director	Attendance/Meetings entitled to attend in 2025				General Meetings
	Board	Nomination Committee	Remuneration Committee	Audit Committee	
Sun Lianqing	5/5	2/2	–	–	1/1
Xu Songqiang	5/5	–	–	–	1/1
Ruan Zeyun	5/5	–	–	–	1/1
Yu Jianming	5/5	–	2/2	–	1/1
Zheng Huanli	5/5	–	–	–	1/1
Fu Songquan	5/5	–	–	–	1/1
Yu Youda	5/5	2/2	2/2	2/2	1/1
Cheng Hok Kai Frederick	5/5	–	2/2	2/2	1/1
Zhou Xinfa	5/5	2/2	–	2/2	1/1

Apart from Board meetings, the Chairman also met twice with independent non-executive Directors without the presence of executive Directors during the Reporting Period.

The independent non-executive directors and non-executive Directors have attended general meetings of the Company to gain and develop a balanced understanding of the view of the Shareholders.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the formulation of, and overseeing the implementation of, the internal control measures and the effectiveness of risk management system, which is designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. The Group has established procedures for developing and maintaining internal control systems. Such systems cover corporate governance, operations, management, legal matters, finance, auditing, and environmental, social and governance (“ESG”) risks as appropriate for our needs.

The Group has adopted the following policies and procedures for internal control and risk management:

- (1) the executive Director and standing deputy general manager, Mr. Xu Songqiang has acted as the principal channel of communication between members of the Group in relation to legal, regulatory and financial reporting compliance matters of the Group as well as the chief coordinators to oversee the internal control procedures in general; upon receipt of any queries or reports on legal, regulatory and financial reporting compliance matters, Mr. Xu will look into the matter and, if considered appropriate, seek advice, guidance and recommendation from professional advisers and report to relevant members of the Group and/or the Board;
- (2) a qualified PRC law firm has been appointed as an external PRC legal adviser which assists the Company in performing the requisite legal due diligence and complying with the relevant laws and regulations in respect of our business operations; and
- (3) the Directors, senior management and employees of the Group will be provided with training and/or updates regarding the legal and regulatory requirements applicable to the business operations of the Group from time to time.

The Company has developed its disclosure policy which provides a general guide to the Directors, officers, senior management and relevant employees of the Company in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. The Board is aware of its obligations to announce any inside information in accordance with the Listing Rules. Procedures and controls are in place for handling and disseminate inside information to prevent disclosure breaches. These includes: i) limiting information access to only necessary employees, who are fully aware of their confidentiality obligations; ii) mandating all employees to follow employment terms related to confidential information management; and iii) requiring employees, especially those likely to possess inside information due to their role in the Company, to adhere to rules and regulations on inside information management, and comply with the Model Code.

The Board confirms its responsibilities for risk management (including ESG related risks) and internal control systems, and for reviewing the effectiveness of such risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failing to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an internal audit function which aims at helping the Company to accomplish its objectives by applying a systematic, disciplined approach to evaluate and improve the effectiveness of the Group's risk management and internal control systems and to resolve material internal control defects.

# CORPORATE GOVERNANCE REPORT

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function, qualifications and experience of staff and adequacy of resources.

During the Reporting Period, the Board, through a review covering all material controls, including financial, operational and compliance controls for the Reporting Period, considered that the risk management and internal control systems of the Group was effective and adequate. The Board will conduct annual review on the risk management and internal control systems of the Company.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 65 to 70 of this annual report.

## AUDITORS' REMUNERATION

The remuneration paid/payable to the Company's external auditor in respect of audit services and non-audit services for the Reporting Period is set out below:

	Fees Paid/Payable RMB'000
Audit services	2,110
Non-audit services (Note)	470
<b>Total</b>	<b>2,580</b>

Note: The non-audit services mainly consisted of reviewing the Group's interim financial results for the six months ended 30 June 2025.

## JOINT COMPANY SECRETARIES

Ms. Wang Shuiming ("**Ms. Wang**") acts as a joint company secretary (the "**Joint Company Secretary**") of the Company. She is the financial director of the Group and the manager of the planning and finance department of the Group and is responsible for the overall financial management of the Group, including the management of the Group's budget, coordinating the Group's audit function and formulating internal policies relating to finance and accounting. Ms. Wang also serves as a director and supervisor of certain subsidiaries of the Company.

Ms. Wang is a qualified Secretary to the Board in the PRC and also obtained the Qualification Certificate of the Secretary to the Board of Directors issued by the Shanghai Stock Exchange in December 2018. She has also been a senior accountant in Zhejiang Province, PRC since May 2014.

Ms. Pun Ka Ying (“**Ms. Pun**”) serves as the other Joint Company Secretary, and is the senior manager of Tricor Services Limited, an external service provider and a global professional services provider specializing in integrated business, corporate and investor services. Ms. Pun’s primary contact person of the Company is Ms. Wang.

Both Ms. Wang and Ms. Pun have confirmed that each of them has taken no less than 15 hours of relevant professional trainings during the Reporting Period respectively in compliance with Rule 3.29 of the Listing Rules. All Directors have access to the joint company secretaries’ advices and services.

### SHAREHOLDERS’ RIGHTS

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

### CONVENING AN EXTRAORDINARY GENERAL MEETING

The following procedures for Shareholders to convene an extraordinary general meeting (“**EGM**”) of the Company are prepared in accordance the Company’s articles of association:

- (1) Two or more Shareholders (“**Requisitionist(s)**”) holding, at the date of deposit of the requisition, 10% or more of the shares of the Company, separately or jointly, carrying the right of voting at general meetings shall have the right, by one or several written requests of the same format and content, to require an EGM or class meeting to be called by the Board of for the transaction or any business specified in such requisition. The Board shall convene an EGM or class meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares shall be calculated in accordance with the shares held on the day on which the written request is made by the Requisitionist(s).
- (2) If the Board fails to issue a notice to convene a meeting within 30 days after receiving the aforesaid written request, the Requisitionist(s) making the request may request the board of Supervisors to convene an EGM or a class meeting.
- (3) If the board of Supervisors fails to issue a notice to convene the meeting within 30 days after receiving the aforesaid written request, the Shareholders holding 10% or more of the voting shares of the proposed meeting, individually or in aggregate, for 90 consecutive days may convene the meeting by themselves within four months after the receipt of the request by the Board of Directors, provided that the procedure for convening a EGM shall be the same as that used by the Board when possible. If the Shareholders convene and hold a meeting on their own due to the failure of the Board or board of Supervisors to hold the meeting as aforesaid, the Company shall bear the reasonable expenses incurred thereby and deduct the amount owed by the Company to the delinquent Directors.

# CORPORATE GOVERNANCE REPORT

## Putting Forward Proposals at Annual General Meetings

Shareholder(s) who hold(s) 3% or more of the voting shares of the Company, individually or in aggregate, shall have the right to submit provisional proposals (“**Proposal**”) in writing to the Company and submit them to the Board 10 days before the general meeting. The Board shall, within 2 days of receiving the proposal, send a supplementary notice to the general meeting and submit the provisional proposal to the general meeting for consideration. The contents of the Proposal shall fall within the scope of the responsibilities of the general meeting and shall have clear topics and specific resolutions.

## Putting Forward Enquiries to the Board

For putting forward relevant enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

## Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Registered Office and Headquarters  
5th Floor, Building 3, Hualong Plaza  
Economic and Technological Development Zone  
Jiaxing, Zhejiang Province  
The People’s Republic of China

Principal Place of Business in Hong Kong  
Room 1920, 19/F  
Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong

Email: [jxgas@jxrqgs.com](mailto:jxgas@jxrqgs.com)

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above addresses indicating “To the Board or Company Secretary” and provide their full name, contact details and identification in order to give effect thereto. Shareholders’ information may be disclosed as required by law.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

Separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

### Shareholders' Communication Policy

The Company has established a Shareholders' Communication Policy in order to ensure the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company (to the extent that such information is publicly available), to exercise their rights in an informed manner and to allow Shareholders and the investment community to engage actively with the Company through annual general meetings and other general meetings. The Group also communicates with the Shareholders and the investment community through regular announcements and publications via the websites of the Company and the Stock Exchange. The Shareholders' Communication Policy is regularly reviewed to ensure its effectiveness, and the Group is of the view that such policy has been implemented effectively during the year as the Company was able to understand the views of the Shareholders through the available channels.

#### (a) Shareholders' or Investors' Enquiries

Shareholders should direct their questions about their shareholdings to the Company or the Company's H share registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available. Shareholders and the investment community shall be provided with designated contacts, correspondence addresses, email addresses and enquiry lines in order to enable them to make relevant query in respect of the Company.

#### (b) Corporate Communication

Corporate communication refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including, but not limited to, annual reports, the interim reports, notices of meeting, circulars and proxy forms. They will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding.

## **(c) Corporate Website**

A dedicated “investor relations” section is available on the Company’s website at [www.jxrqgs.com](http://www.jxrqgs.com). Information on the Company’s website is updated on a regular basis. Information released by the Company to the Stock Exchange is also posted on the Company’s website simultaneously or immediately thereafter. Such information includes announcements, financial statements, results announcements, circulars and notices of general meetings, associated explanatory documents and other information in compliance with the applicable laws, rules and regulations. All press releases issued by the Company will be made available on the Company’s website.

## **(d) Shareholders’ Meetings**

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Appropriate arrangements for the general meetings shall be in place to encourage Shareholders’ participation. The process of the Company’s general meetings will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure the highest level of Shareholders’ participation. Board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditors of the Company will use all reasonable efforts to attend annual general meetings to answer Shareholders’ questions.

## **Dividend Policy**

The Company has not adopted a formal dividend policy. As the Company is still in its development phase and the performance will continue to be impacted by the relevant industry’s and economic outlook in the foreseeable future, the Board is of the opinion that it is not appropriate to adopt a dividend policy at this stage. There is no assurance that dividends of any amount will be declared or be distributed in any year. The Board will review the Company’s status periodically and consider adopting a dividend policy if and when appropriate.

## **Constitutional Documents**

During the Reporting Period, the Company has not amended its articles of association. An updated version of the Company’s articles of association is also available on the Company’s website and the Stock Exchange’s website.

# INDEPENDENT AUDITOR'S REPORT



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## To the shareholders of JiaXing Gas Group Co., Ltd.

*(Established in the People's Republic of China with limited liability)*

### OPINION

We have audited the consolidated financial statements of JiaXing Gas Group Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 73 to 179, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition of piped natural gas (“PNG”) and provision of construction services</b></p> <p>During the year, the Group recognised revenue of RMB3,121,230,000, of which revenue from the sale of PNG and provision of construction services amounted to RMB1,706,841,000 and RMB115,724,000, respectively.</p> <p>Revenue from the sale of PNG was significant to our audit because the revenue was highly dispersed and derived from a large number of residential customers, commercial customers and industrial customers. The volume of gas consumed by customers was determined by the gas-meters installed and the readings were examined cyclically and the reading date did not all fall exactly on the month or year end. Therefore, revenue from the last gas-meter reading date to the year end date involved estimation of management.</p>	<p>Our procedures in relation to the recognition of revenue derived from the sales of PNG included:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding and tested the design and operating effectiveness of key controls related to the sales of PNG;</li><li>• Discussing with the management about the recognition basis of revenue from the sales of PNG and assessing the appropriateness of revenue recognition policy of sales of PNG applied by the Group;</li><li>• Performing detailed analytical review procedures on the revenue from the sales of PNG;</li><li>• Performing test of details, on a sampling basis, by checking contracts, gas-meter reading records and invoices;</li><li>• Assessing the calculation algorithms and data used in developing the estimation of revenues from the last gas-meter reading date to the year end date; and</li><li>• Assessing the adequacy of the disclosure of revenue from sales of PNG included in the notes to the consolidated financial statements.</li></ul>

## KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition of piped natural gas (“PNG”) and provision of construction services (continued)</b></p> <p>Revenue recognition from the provision for construction services was significant to our audit because the revenue from construction services had a significant impact on the consolidated financial statements and it involved significant judgement and estimation of management, which included the output method to measure the progress towards complete satisfaction of the performance obligation based on the construction completion report agreed between the Group, the construction companies and supervision companies.</p> <p>The disclosures about revenue recognition are included in note 2.4 <i>Material Accounting Policies</i>, note 3 <i>Significant Accounting Judgements and Estimates</i> and note 5 <i>Revenue</i>.</p>	<p>Our procedures in relation to the recognition of revenue derived from the provision of construction services included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding and tested the design and operating effectiveness of key controls related to the provision of construction services;</li> <li>• Discussing with the management about the recognition basis and assessed the revenue recognition policy applied by the Group to ensure the compliance with IFRS Accounting Standards;</li> <li>• Performing detail analytical review procedures on the revenue from provision of construction services;</li> <li>• Performing test of details, on sampling basis, by checking contracts, construction progress report, construction completion report, invoice and other supporting documents;</li> <li>• Examining the construction progress reports prepared by the Group, the construction companies and supervision companies collaborate the progress towards complete satisfaction of that performance obligation, obtaining confirmation from the supervision companies, and recalculated revenue based on the construction progress; and</li> <li>• Assessing adequacy of the disclosure included in the notes to the consolidated financial statements.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Wai Ling (practising certificate number: P05274).

#### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

27 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	5	<b>3,121,230</b>	3,420,317
Cost of sales		<b>(2,914,139)</b>	(3,065,422)
<b>Gross profit</b>		<b>207,091</b>	354,895
Other income and gains	6	<b>35,952</b>	21,121
Selling and distribution costs		<b>(28,688)</b>	(26,343)
Administrative expenses		<b>(76,526)</b>	(74,177)
Impairment losses on financial and contract assets, net		<b>10,647</b>	(5,678)
Other expenses		<b>(456)</b>	(895)
Finance costs	8	<b>(13,521)</b>	(16,285)
Share of profits and losses of:			
Joint venture		<b>24,590</b>	35
Associates		<b>38,052</b>	9,466
<b>PROFIT BEFORE TAX</b>	7	<b>197,141</b>	262,139
Income tax expense	11	<b>(32,295)</b>	(60,679)
<b>PROFIT FOR THE YEAR</b>		<b>164,846</b>	201,460
<b>Profit attributable to:</b>			
Owners of the parent	13	<b>150,742</b>	187,623
Non-controlling interests		<b>14,104</b>	13,837
		<b>164,846</b>	201,460

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Fair value reserve of financial assets at fair value through other comprehensive income:			
Initial recognition of bills receivable as settlement of trade receivables		10	119
Changes in fair value		(14)	(65)
Income tax effect		1	(13)
Exchange differences on translation of foreign operations		487	183
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		484	224
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>484</b>	224
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>165,330</b>	201,684
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		151,226	187,847
Non-controlling interests		14,104	13,837
		<b>165,330</b>	201,684
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted			
For profit for the year (RMB)	13	1.09	1.36

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	832,486	670,467
Investment properties	15	227,044	234,329
Right-of-use assets	16	134,936	137,249
Other intangible assets	17	4,459	4,595
Investment in a joint venture	18	485,460	471,070
Investments in associates	19	304,222	177,379
Financial assets at fair value through profit or loss	20	65,074	60,597
Deferred tax assets	21	136,386	124,552
Goodwill		42	42
Other non-current assets	25	1,071	1,527
<b>Total non-current assets</b>		<b>2,191,180</b>	<b>1,881,807</b>
<b>CURRENT ASSETS</b>			
Inventories	22	118,682	174,095
Trade and bills receivables	23	223,692	359,193
Debt investments at fair value through other comprehensive income		15,559	–
Contract assets	24	2,990	9,547
Prepayments, other receivables and other assets	25	235,114	166,095
Financial assets at fair value through profit or loss	20	2,465	2,807
Term deposits and pledged deposits	26	90,809	90,231
Debt investments at amortised cost	27	45,700	2,700
Cash and cash equivalents	26	595,778	297,374
<b>Total current assets</b>		<b>1,330,789</b>	<b>1,102,042</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	28	849,007	729,375
Other payables and accruals	29	58,495	104,410
Contract liabilities	30	110,601	116,818
Deferred income	31	12,857	–
Interest-bearing bank borrowings	32	29,380	212,440
Lease liabilities	16	20,639	18,101
Tax payable		5,686	14,702
<b>Total current liabilities</b>		<b>1,086,665</b>	<b>1,195,846</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>244,124</b>	<b>(93,804)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,435,304</b>	<b>1,788,003</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Contract liabilities	30	303,858	320,755
Deferred income		68,571	–
Interest-bearing bank borrowings	32	615,260	140,460
Lease liabilities	16	133,020	141,173
Deferred tax liabilities	21	25,200	22
<b>Total non-current liabilities</b>		<b>1,145,909</b>	602,410
<b>Net assets</b>		<b>1,289,395</b>	1,185,593
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	33	137,845	137,845
Reserves	34	1,088,945	992,857
		<b>1,226,790</b>	1,130,702
Non-controlling interests		62,605	54,891
<b>TOTAL EQUITY</b>		<b>1,289,395</b>	1,185,593

**Sun Lianqing**

Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent									
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Special reserve safety fund RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	137,845	271,226	85,781	17,710	(167)	52	513,115	1,025,562	42,854	1,068,416
Profit for the year	-	-	-	-	-	-	187,623	187,623	13,837	201,460
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	-	-	-	-	-	183	-	183	-	183
Fair value reserve of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	41	-	-	41	-	41
Total comprehensive income for the year	-	-	-	-	41	183	187,623	187,847	13,837	201,684
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	5,200	5,200
Final 2023 dividend declared and paid	-	-	-	-	-	-	(55,138)	(55,138)	-	(55,138)
Interim 2024 dividend declared and paid	-	-	-	-	-	-	(27,569)	(27,569)	-	(27,569)
Distribution of dividends or profit to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(7,000)	(7,000)
Transfer from retained profits	-	-	13,431	-	-	-	(13,431)	-	-	-
Special reserve – safety fund	-	-	-	1,720	-	-	(1,720)	-	-	-
At 31 December 2024	137,845	271,226	99,212	19,430	(126)	235	602,880	1,130,702	54,891	1,185,593

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent									
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Special reserve safety fund RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	137,845	271,226	99,212	19,430	(126)	235	602,880	1,130,702	54,891	1,185,593
Profit for the year	-	-	-	-	-	-	150,742	150,742	14,104	164,846
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	-	-	-	-	-	487	-	487	-	487
Fair value reserve of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	(3)	-	-	(3)	-	(3)
Total comprehensive income for the year	-	-	-	-	(3)	487	150,742	151,226	14,104	165,330
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	50	50
Final 2024 dividend declared and paid	-	-	-	-	-	-	(34,461)	(34,461)	-	(34,461)
Interim 2025 dividend declared and paid	-	-	-	-	-	-	(20,677)	(20,677)	-	(20,677)
Distribution of dividends or profit to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(6,440)	(6,440)
Transfer from retained profits	-	-	13,154	-	-	-	(13,154)	-	-	-
Special reserve – safety fund	-	-	-	3,753	-	-	(3,753)	-	-	-
At 31 December 2025	137,845	271,226*	112,366*	23,183*	(129)*	722*	681,577*	1,226,790	62,605	1,289,395

\* These reserve accounts comprise the consolidated reserves of RMB1,088,945,000 (2024: RMB992,857,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		197,141	262,139
Adjustments for:			
Finance costs	8	13,521	16,285
Share of profits of associates		(38,052)	(9,466)
Share of profits of joint venture		(24,590)	(35)
Interest income	6	(12,994)	(10,352)
Depreciation of property, plant and equipment	7	73,378	72,391
Depreciation of investment properties	7	10,121	7,966
Depreciation of right-of-use assets	7	17,121	14,356
Amortisation of other intangible assets	7	1,685	2,000
Impairment of financial and contract assets, net	7	(10,647)	5,678
Gain on disposal of an associate		(201)	–
Fair value loss/(gain) from financial assets through profit or loss	7	342	(1,520)
Gain on disposal of items of property, plant and equipment	7	(138)	(165)
		226,687	359,277
Decrease/(increase) in inventories		55,413	(156,589)
Decrease/(increase) in trade and bills receivables		146,185	(127,699)
Increase in debt investments at fair value through other comprehensive income		(15,559)	–
Decrease in contract assets		6,557	3,936
Increase in prepayments, other receivables and other assets		(66,210)	(52,500)
Increase in trade and bills payables		119,632	235,237
(Decrease)/increase in other payable and accruals		(42,247)	33,295
Placement/(withdrawal) of term deposits and pledged deposits		(578)	65,562
Increase in deferred income		81,428	–
Decrease in contract liabilities		(23,114)	(7,218)
Cash generated from operations		488,194	353,301
Interest received		6,451	7,447
Tax paid		(27,717)	(43,782)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>466,928</b>	<b>316,966</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Dividends received from an associate		4,387	7,872
Purchases of items of property, plant and equipment		(235,375)	(156,450)
Additions to other intangible assets		(1,549)	(2,275)
Investment in an associate		(91,940)	(45,356)
Purchase of financial assets at fair value through profit or loss		(5,000)	(1,450)
Purchase of debt investment at amortised cost	27	(43,000)	(2,700)
Proceeds from disposal of financial assets at fair value through profit or loss		523	–
Proceeds from disposal of a shareholding in an associate		3,350	–
Proceeds from dividend received from a joint venture	18	10,200	–
Proceeds from disposal of property, plant and equipment		2,581	1,025
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(355,823)</b>	<b>(199,334)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to non-controlling shareholders		(6,440)	(7,000)
Dividends paid		(55,138)	(82,707)
Interest paid	8	(13,832)	(15,183)
Proceeds from new bank loans		536,000	188,000
Repayment of interest-bearing bank borrowings		(244,260)	(24,440)
Capital injection by non-controlling shareholders		50	5,200
Repayments on behalf of the joint venture		–	(204,322)
Payment of lease liabilities	36(b)	(28,578)	(26,311)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>187,802</b>	<b>(166,763)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		297,374	343,216
Effect of exchange rate changes, net		(503)	3,289
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>595,778</b>	<b>297,374</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	26	686,587	387,605
Term deposits and pledged deposits	26	(90,809)	(90,231)
Cash and cash equivalents as stated in the statement of cash flows		<b>595,778</b>	<b>297,374</b>

## 1. CORPORATE AND GROUP INFORMATION

JiaXing Gas Group Co., Ltd. (the “**Company**”) is a joint stock company with limited liability established in the People’s Republic of China (“**PRC**”). The registered office of the Company is located at Building 3, Hualong Plaza, 32 Qinyi Road, Jiaxing, China.

The principal business activities of the Group during the year included (i) the sale of gas, mainly piped natural gas (“**PNG**”) (under the concessions), liquefied natural gas (“**LNG**”) and liquefied petroleum gas (“**LPG**”) in Jiaxing; (ii) provision of construction and installation services; and (iii) other activities, including provision of natural gas transportation services, sale of vapour and construction materials, and leasing of properties, etc.

On 16 July 2021, the concert parties, namely Zhejiang Taiding Investment Company Limited (“**Taiding**”), Fengye Holdings Group Company Limited (“**Fengye**”), Mr. Xu Songqiang (徐松強) and Ms. Xu Hua (徐華), entered into concert party agreements with respect to their interests in the Company. Pursuant to the concert party agreements, Fengye, Mr. Xu Songqiang and Ms. Xu Hua agreed to delegate their voting rights at general meetings of the Company to Taiding from 16 July 2021 to 15 July 2023. Concert parties have interests in each other’s interests. As of 15 July 2023, the concert parties held an approximately 25.42% equity interest in the Company, while Jiaxing City Investment & Development Group Co., Ltd. held an approximately 23.76% equity interest in the Company.

On 16 July 2023, the concert parties, Taiding, Zhuji Yujia New Energy Technology Company Limited (“**Zhuji Yujia**”), Mr. Xu Songqiang (徐松強) and Ms. Xu Hua (徐華), entered into concert party agreements with respect to their interests in the Company. Pursuant to the concert party agreements, Zhuji Yujia, Mr. Xu Songqiang and Ms. Xu Hua agreed to delegate their voting rights at general meetings of the Company to Taiding from 16 July 2023 to 15 July 2026. Concert parties have interests in each other’s interests. On 23 December 2025, the concert parties entered into an agreement for termination of the concert party agreement with effect from the date thereof (the “**termination agreement**”), upon which the concert party agreement shall be of no further force or effect and all of the respective rights and obligations of the concert parties thereunder the concert party agreement shall cease and determine. Accordingly, with effect from the date of the termination agreement, Taiding is no longer entitled to exercise the voting rights of Zhuji Yujia, Mr. Xu Songqiang and Ms. Xu Hua in respect of resolutions to be proposed at general meetings of the Company. As of 31 December, 2025, there was no concert parties anymore, while the director Sun Liangjing directly held approximately 1.94% equity interest and held 27.26% equity interest indirectly in the Company. Accordingly, there was no controlling shareholder for the Company under IFRS Accounting Standards.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 16 July 2020.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION (continued)

### Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Gangqu Gas*	PRC/Mainland China	RMB36,000,000	65	–	Distribution and sale of natural gas and provision of construction and installation services of gas pipelines network
Jiaran Construction**	PRC/Mainland China	RMB10,000,000	100	–	Distribution and sale of gas equipment and provision of gas, technology consulting services, and construction
Jie'an**	PRC/Mainland China	RMB5,000,000	80	20	Transportation of LNG and compressed natural gas
Jia'ran Liquefied Gas**	PRC/Mainland China	RMB5,000,000	100	–	Distribution and sale of LPG
Jia'ran New Energy**	PRC/Mainland China	RMB20,000,000	100	–	Construction and operation of new energy facilities
Jiaxing Chengzhang Energy Service Co., Ltd. ("Chengzhang Energy") 嘉興市成章能源服務有限公司*	PRC/Mainland China	RMB5,000,000	–	51	Sale of chemical products, provision of technology service and consulting service
Gas and Refuelling Station**	PRC/Mainland China	RMB30,000,000	100	–	Operation of natural gas refuelling stations
Zhejiang Jiaqing New Energy Technology Co., Ltd. ("Jiaqing New Energy") 浙江嘉氫新能源科技有限公司*	PRC/Mainland China	RMB28,000,000	–	60	Sale of hydrogen refuelling and hydrogen storage facilities for stations
Jiaxing Gangqu Jiajin Hydrogen Refuelling Station Co., Ltd. ("Jiajin") 嘉興港區嘉錦加氣站有限公司*	PRC/Mainland China	RMB20,000,000	–	60	Sale of hydrogen refuelling and hydrogen storage facilities for stations

## 1. CORPORATE AND GROUP INFORMATION (continued)

### Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued):

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
JiaXing Gas Group (Hong Kong) Holdings Limited (" <b>Jiaxing Gas Hong Kong</b> ") 嘉燃集團（香港）控股有限公司*/**	Hong Kong	USD5,000,000	100	–	Trading of LNG
Jiaxing LPG*/**	PRC/Mainland China	RMB1,200,000	100	–	Distribution and sale of gas and gas equipment, and construction
Zhejiang Jiaran Trading Co., Ltd. (" <b>Jiaran Trading</b> ") 浙江嘉燃貿易有限公司*/**	PRC/Mainland China	RMB20,000,000	100	–	Trading of LNG
Jiaran Energy Trading (Changzhou) Co., Ltd. (" <b>Jiaran Energy (Changzhou)</b> ") 嘉燃能源貿易(常州)有限公司*/**	PRC/Mainland China	RMB5,000,000	100	–	Trading of LNG
Jiaxing Qingchi Health Management Co., Ltd (" <b>Qingchi Health</b> ") 嘉興市清池健康管理有限公司*/**	PRC/Mainland China	RMB10,000,000	100	–	Provision of care facility and pension services
Jiaxing Jiaran Energy Supply Technology Co., Ltd (" <b>Jiaran Energy Supply</b> ") 嘉興市嘉燃供能科技有限公司*/**	PRC/Mainland China	RMB15,000,000	90	–	Filling of gas cylinders
Jiaxing Jinqing Trading Co., Ltd. (" <b>Jinqing Trading</b> ") 嘉興市錦青貿易有限公司*/**	PRC/Mainland China	RMB10,000,000	100	–	Trading of food products and gas burners

\* The English names of these subsidiaries represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names registered in the PRC.

\*\* These companies are wholly-owned subsidiaries of the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and interpretations) as issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”), and all values are rounded to the nearest thousand except when otherwise indicated.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2. ACCOUNTING POLICIES (continued)

### 2.2 Changes in accounting policies and disclosures

The Group has adopted amendments to IAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

### 2.3 Issued but not yet effective IFRS accounting standards

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

# NOTES TO FINANCIAL STATEMENTS

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## 2. ACCOUNTING POLICIES (continued)

### 2.3 Issued but not yet effective IFRS accounting standards (continued)

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

## 2. ACCOUNTING POLICIES (continued)

### 2.3 Issued but not yet effective IFRS accounting standards (continued)

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

## 2. ACCOUNTING POLICIES (continued)

### 2.3 Issued but not yet effective IFRS accounting standards (continued)

Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 Financial Reporting in Hyperinflationary Economies, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

*Annual Improvements to IFRS Accounting Standards* – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term “cost method” with “at cost” in paragraph 37 of IAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies

#### Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

#### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### **Business combinations and goodwill** (continued)

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### Fair value measurement

The Group measures its financial assets and equity investments at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a financial asset is required (other than inventories, contract assets, deferred tax assets, investment properties and non-current assets/ a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### **Impairment of non-financial assets** (continued)

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

#### **Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### Related parties (continued)

A party is considered to be related to the Group if: (continued)

- (b) the party is an entity where any of the following conditions applies: (continued)
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

#### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives and residual value of property, plant and equipment are as follows:

Buildings	20 to 50 years   5%
Gas pipelines	20 years   5%
Plant and machinery	4 to 15 years   5%
Furniture and office equipment	3 to 10 years   5%
Motor vehicles	4 to 5 years   5%
Lease hold improvements	3 to 5 years   0%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### **Property, plant and equipment and depreciation** (continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents gas and refuelling station structures, machinery, gas pipelines and other property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

#### **Investment properties**

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of each item of investment properties to its residual value over its estimated useful life. The estimated useful lives of investment properties are as follows:

Buildings	15 to 20 years
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Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

#### **Intangible assets (other than goodwill)**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### *Operating rights*

Operating rights for construction are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of four years.

#### *Software copyrights*

Purchased software copyrights are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of three to ten years.

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Prepaid leasehold lands	50 years
Buildings	2 to 8 years
Plant and gas pipelines	9 to 21 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### Leases (continued)

##### *Group as a lessee (continued)*

##### (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and lap top computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

##### *Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### Investments and other financial assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### Investments and other financial assets (continued)

##### *Initial recognition and measurement (continued)*

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

##### Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

##### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### Impairment of financial assets (continued)

##### *General approach (continued)*

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due for sale of gas, or contractual payments are more than 180 days past due for construction and installation services.

The Group considers a financial asset in default when contractual payments are 30 days past due for sale of gas, and 180 days past due for construction and installation services. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- |         |   |  |
|---------|---|--|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs   |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs                          |

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### **Impairment of financial assets** (continued)

##### *Simplified approach*

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### **Financial liabilities**

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, lease liabilities, interest-bearing bank borrowings.

##### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

#### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### **Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

#### **Special reserve – safety fund**

Provisions for the Group's obligations for safety operation are based on the Group's revenue arising from sales of natural gas per year in accordance with related PRC rules and regulations. The Group records a corresponding cost when such expenditure for safety operation incurs. The remaining provisions for the Group's obligations for safety operation would be recorded as special reserve – safety fund. The remaining provisions would not be recorded in the consolidated statements of profit or loss while the Group decreases its retained profits when it recognises the special reserve – safety fund.

#### **Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### **Income tax** (continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

#### **Revenue recognition**

##### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### Revenue recognition (continued)

##### *Revenue from contracts with customers (continued)*

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the above goods.

(b) Provision of installation and management services of gas pipelines

Revenue from the provision of installation and management services of gas pipelines is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(c) Provision of construction services

Revenue from the provision of construction services is recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The output method recognises revenue on the basis of direct measurements of the value to the customer of the services transferred to date relative to the remaining goods or services promised under the contract.

(d) Provision of natural gas transportation services

The Group's provision of natural gas transportation services generally includes a series of distinct services that are substantially the same and that have the same pattern of transfer to the customers. Revenue from the transmission of natural gas is recognised at the point in time when the Group provides the promised service to the customer.

(e) Provision of gas storage services

Revenue from the provision of natural gas storage services is recognised over time, because the Group provides natural gas storage services to customers for their on-demand consumption, and customers simultaneously receives and consumes the benefits of the Group's performance.

##### *Revenue from other sources*

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### Revenue recognition (continued)

##### *Other income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

#### Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

#### Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### Other employee benefits

##### *Pension scheme*

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

##### *Accommodation benefits*

According to the relevant PRC rules and regulations, the PRC companies now comprising the Group and their employees are each required to make contributions which are in proportion to the salaries and wages of the employees to an accommodation fund administered by the government agencies in the PRC. There is no further obligation on the part of the Group except for such contributions to the accommodation fund. Contributions to an accommodation fund administered by government agencies are charged to the consolidated statement of profit or loss as and when they are incurred.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

## 2. ACCOUNTING POLICIES (continued)

### 2.4 Material accounting policies (continued)

#### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 12 to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

#### Foreign currencies

These financial statements are presented in Renminbi ("RMB"), which is the Group's and the Company's functional currency because the Group's principal operations are carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

# NOTES TO FINANCIAL STATEMENTS

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## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### **Determining the timing of satisfaction of construction services**

The Group concluded that revenue for construction services is recognised over time because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The fact that another entity would not need to re-perform the construction that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group determined that the output method is the best method in measuring the progress of the construction services because the output selected would faithfully depict the entity's performance towards complete satisfaction of the performance obligation. The Group recognises revenue on the basis of direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised under the contract.

#### **Classification between investment properties and owner-occupied properties**

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

#### **Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. There was no carrying value of deferred tax assets relating to recognised tax losses as at 31 December 2025 and 2024. There were unrecognised tax losses of RMB4,725,000 for the year ended 31 December 2025 (2024: RMB5,912,000). Further details are contained in note 21 to the financial statements.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Judgements (continued)

##### Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

##### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below.

##### Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

##### Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2025 was RMB42,000 (2024: RMB42,000).

##### Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns according to the sales type and rating.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the energy industry sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

### Estimation uncertainty (continued)

#### Provision for expected credit losses on trade receivables and contract assets (continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 23 and note 24 to the financial statements, respectively.

#### Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, competitor actions in response to severe industry cycles or unforeseeable change in legal enforcement rights in future. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

#### Useful lives of intangible assets

The Group determines the estimated useful lives and related amortisation charges for its intangible assets. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### **Estimation of the amortisation period of installation and management services recorded as contract liabilities**

The Group receives fees from customers in advance in exchange for the installation and management of gas pipelines to the urban natural gas pipeline network. These fees are received in advance and gradually amortised. The Group determines the estimated amortisation period of fifteen years for its revenue recognition. This estimate is based on the Group's historical experience of the actual service period and the strength of the Group's business relationship with each individual customer. It could differ significantly based on the customer's profile, expected term of the relationship and the strength of the customer's business relationship established with the Group. Generally, amortisation is calculated on the straight-line basis for fifteen years.

The carrying amount of installation and management services in the consolidated statement of financial position as at 31 December 2025 was RMB340,840,000 (31 December 2024: RMB361,085,000), details of which are set out in note 30 to the financial statements.

##### **Volume of gas consumed by customers**

The revenue from sales of gas was highly dispersed and derived from a large number of residential customers, commercial customers and industrial customers. The Group developed a statistical model for estimating the volume of gas consumed by customers between the last gas-meter reading date and the end of the reporting period. The model used the historical gas-meter readings, the average daily volume of gas consumed by customers and the gas-meter reading date of each customer to come up with the estimated volume of gas consumed by customers between the last gas-meter reading date and the end of the reporting period.

# NOTES TO FINANCIAL STATEMENTS

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## 4. SEGMENT INFORMATION

The Group has only one reportable operating segment which engages in (i) the sale of gas, mainly PNG (under the concessions), LNG and LPG in Jiaxing; (ii) the provision of construction installation services; and (iii) others, including the provision of natural gas transportation services, provision of labour services, sales of vapour and construction materials, and leasing of properties in the year. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

### Geographical information

Geographical information is not presented since all of the Group's revenue from external customers is generated in Mainland China and all of the non-current assets of the Group are located in Mainland China.

### Information about major customers

Revenue from continuing operations of approximately RMB155,800,000 (2024: RMB223,685,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

## 5. REVENUE

An analysis of the Group's revenue is as follows:

	2025 RMB'000	2024 RMB'000
<i>Revenue from contracts with customers</i>		
Sales of goods	2,916,253	3,184,033
Provision of construction services	115,724	108,179
Provision of installation and management services	49,669	50,804
Provision of commission services	11,349	65,828
Provision of gas transportation services	5,393	2,901
Provision of labour services	8,200	81
Others	10,847	6,092
	<b>3,117,435</b>	3,417,918
<i>Revenue from other sources</i>		
Gross rental income	12,288	13,760
	<b>3,129,723</b>	3,431,678
Less: Government surcharges	(8,493)	(11,361)
<b>Total</b>	<b>3,121,230</b>	3,420,317

**5. REVENUE** (continued)**Revenue from contracts with customers****(i) Disaggregated revenue information**

	2025 RMB'000	2024 RMB'000
Sales of PNG	1,706,841	1,753,477
Sales of LNG	1,007,152	1,195,212
Sales of LPG	64,717	98,384
Sales of other gas	91,836	96,034
Sales of vapour	28,924	31,937
Sales of construction materials	15,229	7,276
Sales of electricity	1,554	1,713
Provision of construction services	115,724	108,179
Provision of installation and management services	49,669	50,804
Provision of commission services	11,349	65,828
Provision of gas transportation services	5,393	2,901
Provision of labour services	8,200	81
Others	10,847	6,092
<b>Total</b>	<b>3,117,435</b>	<b>3,417,918</b>
<b>Timing of revenue recognition</b>		
Goods or services transferred at a point in time	2,952,042	3,258,935
Services transferred over time	165,393	158,983
<b>Total</b>	<b>3,117,435</b>	<b>3,417,918</b>

The following table shows the amounts of revenue recognised in the reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Provision of installation and management services	40,330	42,193
Provision of construction services	20,470	25,059
Sales of goods	56,018	51,421
<b>Total</b>	<b>116,818</b>	<b>118,673</b>

There was no revenue recognised from performance obligations satisfied in previous years or not previously recognised due to constraints on variable consideration.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 5. REVENUE (continued)

### Revenue from contracts with customers (continued)

#### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

##### *Sales of goods*

The performance obligation is satisfied upon delivery of the PNG, LNG, LPG, vapour and construction materials, and payment is generally due within 30 days from deliver, except for customers who purchased store-value cards.

##### *Provision of construction and installation services and management of gas pipelines services*

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before or during the rendering of the services, and payment is generally due within 180 days from rendering.

##### *Provision of gas transportation services*

The performance obligation is satisfied upon completion of gas transportation and payment is generally due within 30 days from completion.

##### *Provision of commission services*

The performance obligation is satisfied upon completion of commission services and payment is generally due within 30 days from completion.

##### *Provision of labour services*

The performance obligation is satisfied upon completion of labour services and payment is generally due within 30 days from completion.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	110,601	116,818
After one year	303,858	320,755
Total	414,459	437,573

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised after one year relate to installation and management of gas pipelines, of which the performance obligations are to be satisfied within two to fifteen years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

**6. OTHER INCOME AND GAINS**

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Interest income	12,994	10,352
Government grants	16,897	4,693
Dividends received from financial assets at fair value through profit or loss	9	–
Others	1,609	1,708
<b>Total other income</b>	<b>31,509</b>	16,753
<b>Gains</b>		
Gain on financial assets measured at amortised cost	3,972	2,673
Fair value gain on financial assets at fair value through profit or loss	–	1,520
Gain on disposal of items of property, plant and equipment	201	175
Gain on foreign exchange differences	69	–
Gain on disposal of associate	201	–
<b>Total gains</b>	<b>4,443</b>	4,368
<b>Total other income and gains</b>	<b>35,952</b>	21,121

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		<b>2,799,574</b>	2,978,858
Cost of services provided		<b>114,565</b>	86,564
Depreciation of property, plant and equipment	14	<b>73,378</b>	72,391
Depreciation of investment properties	15	<b>10,121</b>	7,966
Depreciation of right-of-use assets	16(a)	<b>17,121</b>	14,356
Amortisation of intangible assets	17	<b>1,685</b>	2,000
Lease payments not included in the measurement of lease liabilities	16(c)	<b>2,084</b>	1,292
Auditor's remuneration		<b>2,580</b>	2,600
Employee benefit expense (excluding Director s' and chief executive's remuneration (note 9)):			
Wages and salaries		<b>60,540</b>	65,839
Pension scheme contributions		<b>6,026</b>	5,781
Social security contributions and accommodation benefits		<b>9,287</b>	8,582
Foreign exchange loss/(gain)		<b>(64)</b>	259
Impairment of financial and contract assets, net:			
Impairment of trade receivables, net	23	<b>(10,200)</b>	5,153
Impairment of financial assets included in prepayments, other receivables and other assets	25	<b>(447)</b>	525
Gain on disposal of an associate		<b>(201)</b>	–
Fair value losses/(gain) on financial assets at fair value through profit or loss		<b>342</b>	(1,520)
Dividend income from financial assets at fair value through profit or loss	6	<b>(9)</b>	–
Interest income	6	<b>(12,994)</b>	(10,352)
Gain on disposal of items of property, plant and equipment		<b>(138)</b>	(165)

## 8. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on interest-bearing bank borrowings	13,832	15,183
Interest expense on leases liabilities	8,155	8,490
Total interest expense on financial liabilities not at fair value through profit or loss	21,987	23,673
Less: Interest capitalised	(8,466)	(7,388)
Total	13,521	16,285

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	558	561
Other emoluments:		
Salaries, allowances and benefits in kind	490	527
Performance-related bonuses	1,011	1,074
Pension scheme contributions	202	192
Subtotal	1,703	1,793
Total fees and other emoluments	2,261	2,354

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
Mr. Cheng Hok Kai Frederick	270	267
Mr. Yu Youda	147	147
Mr. Zhou Xinfu	147	147
Total	564	561

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

**9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION** (continued)**(b) Executive director, non-executive directors, the chief executive**

	Fees RMB'000	Salaries allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
<b>2025</b>					
<b>Executive director:</b>					
– Mr. Xu Songqiang	–	209	353	110	672
<b>Non-executive directors:</b>					
– Mr. Yu Jianming	–	–	–	–	–
– Mr. Zheng Huanli	–	–	–	–	–
– Ms. Ruan Zeyun	–	–	–	–	–
– Mr. Fu Songquan	–	–	–	–	–
<b>Chief executive:</b>					
– Mr. Sun Lianqing	–	227	433	–	660
<b>Supervisors:</b>					
– Ms. Liu Wen	–	–	–	–	–
– Ms. Mu Nini	–	–	–	–	–
– Ms. He Haiyan	–	54	225	92	371
Total	–	490	1,011	202	1,703

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

### (b) Executive director, non-executive directors, the chief executive (continued)

	Fees RMB'000	Salaries allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
<b>2024</b>					
<b>Executive director:</b>					
– Mr. Xu Songqiang	–	262	350	105	717
<b>Non-executive directors:</b>					
– Mr. Xu Jiong* (Resigned on 5 December 2024)	–	–	–	–	–
– Mr. Yu Jianming** (Appointed on 5 December 2024)	–	–	–	–	–
– Mr. Zheng Huanli	–	–	–	–	–
– Ms. Ruan Zeyun	–	–	–	–	–
– Mr. Fu Songquan	–	–	–	–	–
<b>Chief executive:</b>					
– Mr. Sun Lianqing	–	196	492	–	688
<b>Supervisors:</b>					
– Ms. Liu Wen	–	–	–	–	–
– Ms. Mu Nini	–	–	–	–	–
– Ms. He Haiyan	–	69	232	87	388
<b>Total</b>	–	527	1,074	192	1,793

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

## 10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors, including the chief executive (2024: two directors, including the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	624	658
Performance related bonuses	1,024	1,009
Pension scheme contributions	330	315
<b>Total</b>	<b>1,978</b>	<b>1,982</b>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2025 RMB'000	2024 RMB'000
Nil to RMB500,000	–	–
RMB500,001 to RMB1,000,000	3	3
<b>Total</b>	<b>3</b>	<b>3</b>

## 11. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. According to the Inland Revenue Department's Departmental Interpretation and Practice Notes (DIPN) No. 34 (Revised) Exemption from Profits Tax (Interest Income) Order 1998, exempted bank interest income should not be taxed. Since the profit before tax of Jiaxing Gas Hong Kong net of exempted bank interest is Nil (2024: Nil), Jiaxing Gas Hong Kong didn't accrue taxes on profits.

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 (the "New Corporate Income Tax Law"), except for a small and micro enterprise of the Group in Mainland China: For a qualified small low-profit enterprise, whose annual taxable income shall be included in the taxable income at 25% of its taxable income, such taxable income is taxed at a preferential rate of 20%.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 11. INCOME TAX EXPENSE (continued)

The major components of income tax expense are as follows:

	2025 RMB'000	2024 RMB'000
Current tax:		
Income tax in for the year	18,950	60,179
Deferred tax	13,345	500
<b>Total tax charge for the year</b>	<b>32,295</b>	<b>60,679</b>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country in which the Company and the major operating subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	197,141	262,139
Tax at the statutory tax rate	48,511	64,937
Lower tax rate for specific provinces or enacted by local authority	(1,494)	(1,306)
Adjustments in respect of current tax of previous periods	(1,003)	(1,237)
Expenses not deductible for tax	707	425
Income not subject to tax	(111)	(1,220)
Tax losses not recognised	1,369	1,478
Profits attributable to joint ventures and associates	(15,660)	(2,375)
Others	(24)	(23)
<b>Tax charge at the Group's effective rate</b>	<b>32,295</b>	<b>60,679</b>

**12. DIVIDENDS**

	2025 RMB'000	2024 RMB'000
Interim – RMB0.15 (2024: RMB0.2) per ordinary share	20,677	27,569
Proposed final dividends – RMB0.25 (2024: RMB0.25) per ordinary share	34,461	34,461

The proposed final dividend for the year ended 31 December 2025 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

**13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 137,844,500 (2024: 137,844,500) outstanding during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

	2025 RMB'000	2024 RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	150,742	187,623

	Number of shares	
	2025	2024
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	137,844,500	137,844,500

# NOTES TO FINANCIAL STATEMENTS

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## 14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Gas pipelines RMB'000	Plant and machinery RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>At 31 December 2025</b>								
At 1 January 2025								
Cost	130,238	752,287	247,887	11,702	15,357	32,645	71,717	1,261,833
Accumulated depreciation	(47,312)	(346,110)	(143,414)	(10,182)	(12,617)	-	(31,731)	(591,366)
Net carrying amount	82,926	406,177	104,473	1,520	2,740	32,645	39,986	670,467
At 1 January 2025, net of								
accumulated depreciation	82,926	406,177	104,473	1,520	2,740	32,645	39,986	670,467
Additions	61,082	231	9,153	153	1,581	140,256	28,220	240,676
Depreciation provided								
during the year	(7,238)	(34,769)	(20,554)	(502)	(689)	-	(9,626)	(73,378)
Disposals	-	(1,633)	(178)	(4)	(423)	-	(205)	(2,443)
Transferred from construction								
in progress	-	28,099	63,820	-	-	(91,919)	-	-
Transferred from investment								
properties	-	-	-	-	-	-	-	-
Transferred to investment properties	(2,836)	-	-	-	-	-	-	(2,836)
At 31 December 2025, net	133,934	398,105	156,714	1,167	3,209	80,982	58,375	832,486
At 31 December 2025								
Cost	188,484	778,493	319,956	11,832	13,462	80,982	99,937	1,493,146
Accumulated depreciation	(54,550)	(380,388)	(163,242)	(10,665)	(10,253)	-	(41,562)	(660,660)
Net carrying amount	133,934	398,105	156,714	1,167	3,209	80,982	58,375	832,486

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Gas pipelines RMB'000	Plant and machinery RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>31 December 2024</b>								
At 1 January 2024								
Cost	161,277	691,857	212,588	11,113	14,961	55,302	31,343	1,178,441
Accumulated depreciation	(40,308)	(310,367)	(128,484)	(9,397)	(11,597)	-	(25,362)	(525,515)
Net carrying amount	120,969	381,490	84,104	1,716	3,364	55,302	5,981	652,926
At 1 January 2024, net of accumulated depreciation								
	120,969	381,490	84,104	1,716	3,364	55,302	5,981	652,926
Additions	13,010	-	9,929	589	554	70,587	40,374	135,043
Depreciation provided during the year	(7,004)	(42,251)	(15,155)	(785)	(1,170)	-	(6,026)	(72,391)
Disposals	-	(440)	(69)	-	(8)	-	(343)	(860)
Transferred from construction in progress	202	67,378	25,664	-	-	(93,244)	-	-
Transferred from investment properties	-	-	-	-	-	-	-	-
Transferred to investment properties	(44,251)	-	-	-	-	-	-	(44,251)
At 31 December 2024, net of accumulated depreciation	82,926	406,177	104,473	1,520	2,740	32,645	39,986	670,467
At 31 December 2024								
Cost	130,238	752,287	247,887	11,702	15,357	32,645	71,717	1,261,833
Accumulated depreciation	(47,312)	(346,110)	(143,414)	(10,182)	(12,617)	-	(31,731)	(591,366)
Net carrying amount	82,926	406,177	104,473	1,520	2,740	32,645	39,986	670,467

The carrying amount of construction in progress of the Group included capitalized interest of approximately RMB8,466,000 (2024: RMB7,388,000) charged for the year (note 8).

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 15. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
<b>Cost:</b>		
At beginning of year	314,075	269,824
Transferred from property, plant and equipment	2,836	–
Transferred to property, plant and equipment	–	44,251
At end of year	316,911	314,075
<b>Accumulated depreciation:</b>		
At beginning of year	79,746	71,780
Charge for the year	10,121	7,966
At end of year	89,867	79,746
<b>Net carrying amount:</b>		
At end of year	227,044	234,329
At beginning of year	234,329	198,044

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The market values of investment properties are valued based on the investment method whereby the rents receivable during the residue period of the existing tenancies are capitalised at an appropriate capitalisation rate with due allowance for the reversionary interests after expiry of the tenancies. The fair values of the investment properties are disclosed below.

The investment properties are leased to third parties and related parties under operating leases.

**15. INVESTMENT PROPERTIES** (continued)

The Group's investment properties principally comprise buildings held for medium term rental yields, which are located in Jiaxing City of Zhejiang Province, the PRC, and are held under the following lease terms:

	2025 RMB'000	2024 RMB'000
Medium term leases	<b>227,044</b>	234,329

**Fair value hierarchy**

The following table illustrates the fair values and fair value measurement hierarchy of the Group's investment properties:

**As at 31 December 2025**

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant Unobservable inputs (Level 3) RMB'000	
Investment properties	–	–	286,431	<b>286,431</b>

**As at 31 December 2024**

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Investment properties	–	–	293,716	293,716

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 15. INVESTMENT PROPERTIES (continued)

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range or weighted average 2025	2024
Investment properties	Income approach – Term and reversion analysis	Estimated rental value (per square metre and per day)	<b>RMB0.90 to RMB1.14</b>	RMB1.20 to RMB1.35
		Market yield	<b>4.5% to 5.5%</b>	4.0% to 4.5%
		Term yield	<b>4.0% to 5.0%</b>	4.0% to 4.5%

A significant increase/(decrease) in the estimated market rent would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the term yield and market yield in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

The term and reversion analysis estimates the value of the properties on an open market basis by capitalising the rental income on a fully leased basis having regard to the current passing rental income from the existing tenancies and the potential future reversionary rental income in the market. No allowances have been made for vacancy or capital deductions of any nature.

In this valuation method, the total rental income is divided into current passing rental income over the existing lease term (the term income) and potential future reversionary rental income after the expiry of the existing lease term (the reversionary income). The term “value” is derived by the capitalisation of the term “income” over the existing lease term, while the reversionary value is derived by the capitalisation of the reversionary income on a fully leased basis, which is then discounted back to the valuation date.

## 16. LEASES

### The Group as a lessee

The Group has lease contracts for various items of plant and gas pipelines, buildings and prepaid leasehold land used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings, plant and gas pipelines generally have lease terms between 2 and 21 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Prepaid leasehold land RMB'000	Plant and gas pipelines RMB'000	Buildings RMB'000	Total RMB'000
As at 1 January 2024	39,720	95,274	824	135,818
Additions	–	15,056	731	15,787
Depreciation charge	(1,184)	(12,342)	(830)	(14,356)
As at 31 December 2024 and 1 January 2025	<b>38,536</b>	<b>97,988</b>	<b>725</b>	<b>137,249</b>
Additions	–	<b>13,875</b>	<b>933</b>	<b>14,808</b>
Depreciation charge	<b>(1,184)</b>	<b>(14,983)</b>	<b>(954)</b>	<b>(17,121)</b>
As at 31 December 2025	<b>37,352</b>	<b>96,880</b>	<b>704</b>	<b>134,936</b>

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	<b>159,274</b>	161,308
New leases	<b>14,808</b>	15,787
Accretion of interest recognised during the year	<b>8,155</b>	8,490
Payments	<b>(28,578)</b>	(26,311)
Carrying amount at 31 December	<b>153,659</b>	159,274
<b>Analysed into:</b>		
Current portion	<b>20,639</b>	18,101
Non-current portion	<b>133,020</b>	141,173

The maturity analysis of lease liabilities is disclosed in note 41 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 16. LEASES (continued)

### The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	8,155	8,490
Depreciation charge of right-of-use assets	17,121	14,356
Expense relating to leases of low-value assets (included in administrative expenses and selling and distribution expenses)	2,084	1,292
Total amount recognised in profit or loss	27,360	24,138

(d) The total cash outflow for leases are disclosed in note 36(c) to the financial statements.

### The Group as a lessor

The Group leases its investment properties (note 15) consisting of buildings in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB12,288,000 (2024: RMB13,760,000), details of which are included in note 5 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	5,278	6,558
After one year but within two years	3,949	2,998
After two years but within three years	3,803	2,200
After three years but within four years	3,558	2,165
After four years but within five years	3,351	2,117
After five years	2,977	16,139
Total	22,916	32,177

**17. OTHER INTANGIBLE ASSETS**

	Operating right RMB'000	Software copyrights RMB'000	Total RMB'000
<b>31 December 2025</b>			
Cost at 1 January 2025, net of accumulated amortisation	-	4,595	4,595
Additions	-	1,549	1,549
Amortisation provided during the year	-	(1,685)	(1,685)
At 31 December 2025	-	4,459	4,459
At 31 December 2025:			
Cost	2,050	16,630	18,680
Accumulated amortisation	(2,050)	(12,171)	(14,221)
Net carrying amount	-	4,459	4,459
<b>31 December 2024</b>			
Cost at 1 January 2024, net of accumulated amortisation	468	3,852	4,320
Additions	-	2,275	2,275
Amortisation provided during the year	(468)	(1,532)	(2,000)
At 31 December 2024	-	4,595	4,595
At 31 December 2024:			
Cost	2,050	15,081	17,131
Accumulated amortisation	(2,050)	(10,486)	(12,536)
Net carrying amount	-	4,595	4,595

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 18. INVESTMENT IN A JOINT VENTURE

	2025 RMB'000	2024 RMB'000
Share of net assets	485,460	471,070

The Group's outstanding balances and transactions with the joint venture during the year are disclosed in note 38.

Particulars of the Group's material joint venture are as follows:

Name of company	Nominal value of paid-up/ registered capital	Place of registration and operations	Percentage of		Principal activities
			Voting power	Ownership interest	
Hangjiaxin	RMB700,000,000	PRC/ Mainland China	51%	51%	Construction of docks and LNG warehouses

Hangjiaxin, which is considered a material joint venture of the Group, acts as the Group's supplier of LNG in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Hangjiaxin adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2025 RMB'000	2024 RMB'000
Current assets	1,434,190	1,337,663
Non-current assets	1,782,878	1,838,260
Current liabilities	(1,200,907)	(1,044,269)
Non-current liabilities	(1,064,278)	(1,206,188)
Non-controlling interest	-	(1,800)
Net assets	951,883	923,666

**18. INVESTMENT IN A JOINT VENTURE** (continued)

Reconciliation to the Group's interest in the joint venture:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Proportion of the Group's ownership	<b>51%</b>	51%
Group's share of net assets of the joint venture	<b>485,460</b>	471,070
Carrying amount of the investment	<b>485,460</b>	471,070
Revenue	<b>1,801,308</b>	2,092,065
Other income	<b>877</b>	164
Total expense	<b>(1,719,666)</b>	(2,055,017)
Tax	<b>(34,304)</b>	(37,144)
Profit and total comprehensive income for the year	<b>48,215</b>	68
Ownership interest	<b>51%</b>	51%
Share of results	<b>24,590</b>	35
Dividend reinvested	-	-
Dividend received	<b>10,200</b>	-

The Company did not increase the investment in Hangjiaxin during the year ended 31 December 2025 (2024: Nil).

Hangjiaxin proposed and paid dividend amount to RMB10,200,000 to the Company during the year (2024: Nil).

According to the Articles of Association of Hangjiaxin, any resolutions made at the shareholders' meeting relating to the amendment of the Articles of Association, modification of registered capital, as well as the merger, division, and dissolution of the company, must be adopted by all shareholders. Other general resolutions shall be adopted by two thirds or more of the voting rights held by all shareholders. Therefore, management of the Company regards that the Group has joint control over Hangjiaxin, and recognised it as a joint venture even the Group's ownership interests in Hangjiaxin is 51%.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 19. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	<b>304,222</b>	177,379

The Group's outstanding balances and transactions with the associates during the year are disclosed in note 38.

Particulars of the material associates are as follows:

Name of company	Nominal value of paid-up/ registered capital	Place of registration and operations	Percentage of		Principal activities
			Voting power	Ownership interest	
Pinghu Natural Gas Co., Ltd.* ("Pinghu Natural Gas") (平湖市天然氣有限公司)	RMB76,000,000	PRC/Mainland China	39%	39%	Sales of gas products, and pipeline construction and maintenance
Xingzhou Jiayuan	RMB720,000,000	PRC/Mainland China	40.0%** (since 17 January 2025)	26.5%** (since 30 November 2024)	Real estate development and operation

\* The English translations of these company names are for reference only. The official names of these companies are in Chinese.

\*\* As of 31 December 2024, the Group held 26.5% ownership interests in Xingzhou Jiayuan. On 17 January 2025, the Group purchased 13.5% equity interests in Xingzhou Jiayuan from Yancheng Xiangyuan Real Estate Co., Ltd. (鹽城祥源房地產有限公司) ("Yancheng Xiangyuan"). As of 31 December 2025, Xingzhou Jiayuan was directly held as to an aggregate of 40% by the Group.

**19. INVESTMENTS IN ASSOCIATES** (continued)

Pinghu Natural Gas, which is considered a material associate of the Group, is a strategic partner of the Group engaged in the trade of natural gas and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Pinghu Natural Gas adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Current assets	94,085	89,522
Non-current assets	314,233	317,923
Current liabilities	(99,886)	(103,252)
Non-current liabilities	(249,493)	(254,243)
Net assets	<b>58,939</b>	49,950

Reconciliation to the Group's interest in the associate:

	2025 RMB'000	2024 RMB'000
Proportion of the Group's ownership	39%	39%
Group's share of net assets of the associate	<b>24,212</b>	19,734
Carrying amount of the investment	<b>24,212</b>	19,734
Revenue	390,052	420,633
Other income	1,114	650
Total expense	(376,404)	(382,006)
Tax	(3,279)	(11,994)
Profit and total comprehensive income for the year	<b>11,483</b>	27,283
Ownership interest	39%	39%
Share of results	<b>4,478</b>	10,640
Dividend reinvested	-	-
Dividend received	-	-

The Company did not increased the investment (2024: RMB6,240,000) in Pinghu Natural Gas during the year ended 31 December 2024. Pinghu Natural Gas did not proposed any dividend to the Company during the year.

# NOTES TO FINANCIAL STATEMENTS

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## 19. INVESTMENTS IN ASSOCIATES (continued)

Xingzhou Jiayuan, which was considered a material associate of the Group in 2025, operated as a real estate developer and providing real estate development, and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Xingzhou Jiayuan in 2025 adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2025 RMB'000	2024 RMB'000
Current assets	1,076,088	1,126,215
Non-current assets	–	191
Current liabilities	(385,769)	(402,474)
Non-current liabilities	–	(118,500)
<b>Net assets</b>	<b>690,319</b>	<b>605,432</b>

Reconciliation to the Group's interest in the associate:

	2025 RMB'000	2024 RMB'000
Proportion of the Group's ownership	40%	26.5%
<b>Group's share of net assets of the associate</b>	<b>276,128</b>	<b>160,440</b>
<b>Carrying amount of the investment</b>	<b>266,910</b>	<b>143,602</b>
Revenue	429,623	268,668
Total expense	(356,784)	(266,393)
Tax	12,931	–
<b>Profit and total comprehensive income for the year</b>	<b>85,770</b>	<b>2,275</b>
Ownership interest	40%	26.5%
<b>Share of results</b>	<b>34,308</b>	<b>216</b>

\* The Group shared 26.5% profits of Xingzhou Jiayuan from 1 January 2025 to 17 January 2025 and shared 40% profits of Xingzhou Jiayuan from 17 January 2025 to 31 December 2025.

**20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Listed equity investments, at fair value	<b>2,465</b>	2,807
Other unlisted investments, at fair value		
– Unlisted equity investments, at fair value	<b>65,074</b>	60,597
<b>Total</b>	<b>67,539</b>	63,404
Classified as		
Current	<b>2,465</b>	2,807
Non-current	<b>65,074</b>	60,597
<b>Total</b>	<b>67,539</b>	63,404

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading or the Group had not irrevocably elected to classify them as at fair value through other comprehensive income.

# NOTES TO FINANCIAL STATEMENTS

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## 21. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

### Deferred tax liabilities

	Right-of-use assets RMB'000	Fair value Adjustments arising from acquisition of subsidiaries RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Total RMB'000
At 1 January 2024	(24,025)	(1,774)	–	(25,799)
Deferred tax credited/(charged) to statement of profit or loss during the year	(358)	892	–	534
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	(24,383)	(882)	–	(25,265)
Deferred tax credited/(charged) to statement of profit or loss during the year	588	32	(25,200)	(24,580)
Gross deferred tax liabilities at 31 December 2025	(23,795)	(850)	(25,200)	(49,845)

**21. DEFERRED TAX** (continued)

The movements in deferred tax assets and liabilities during the year are as follows:

**Deferred tax assets**

	Impairment of financial assets RMB'000	Contract liabilities RMB'000	Accruals and provisions RMB'000	Losses available for offsetting against future taxable profits RMB'000	Lease Liabilities RMB'000	Deferred tax assets arising from acquisition of subsidiary RMB'000	Total RMB'000
At 1 January 2024	8,744	75,535	24,517	–	40,327	1,720	150,843
Deferred tax credited/ (charged) to statement of profit or loss during the year	1,419	(8,903)	8,024	–	(727)	(860)	(1,047)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	10,163	66,632	32,541	–	39,600	860	149,796
Deferred tax credited/ (charged) to statement of profit or loss during the year	(2,640)	(8,177)	7,979	15,773	(1,690)	(10)	11,235
At 31 December 2025	7,523	58,455	40,520	15,773	37,910	850	161,031

# NOTES TO FINANCIAL STATEMENTS

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## 21. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	136,386	124,552
Net deferred tax liabilities recognised in the consolidated statement of financial position	(25,200)	(22)
Total	111,186	124,530

The deferred tax assets arising from the impairment of financial assets mainly comprised impairment of accounts receivables and other receivables; the deferred tax assets arising from contract liabilities mainly comprised advances received from customers for installation and management services; the deferred tax assets arising from accruals and provisions mainly comprised other assets and liabilities which have temporary differences between the carrying amounts and the tax bases and the deferred tax assets arising from tax losses that are available for offsetting against future taxable profits of the company. The board of directors is of the opinion that sufficient taxable profit will be available to allow the deferred tax assets to be utilised.

There were unrecognised tax losses of RMB4,725,000 for the year ended 31 December 2025 (2024: RMB5,912,000), that are available up to five years for offsetting against future taxable profits of the companies in which the losses arose, which associated with deferred tax assets of RMB1,181,000 that have not been recognised as at 31 December 2025 (2024: RMB1,478,000).

## 22. INVENTORIES

	2025 RMB'000	2024 RMB'000
Natural gas	97,063	161,626
Construction materials	21,248	12,135
Liquefied petroleum gas	371	334
Total	118,682	174,095

**23. TRADE AND BILLS RECEIVABLES**

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Trade receivables	<b>248,902</b>	391,944
Bills receivables	<b>14</b>	2,673
	<b>248,916</b>	394,617
Impairment	<b>(25,224)</b>	(35,424)
Net carrying amount	<b>223,692</b>	359,193

The Group's trading terms with its customers are mainly on credit except for certain new customers where payment in advance is required. The Group's trading terms for the sale of natural gas are paid in advance or due within 30 days from delivery for different customers, while the trading terms for rendering of the construction and connection of gas pipelines services are mainly on credit and the average trade credit period is 180 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly and actively monitored by senior management to minimise credit risk. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade and bills receivables are unsecured and non-interest-bearing.

An aging analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Within one year	<b>198,662</b>	326,521
Over one year	<b>25,030</b>	32,672
Total	<b>223,692</b>	359,193

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 23. TRADE AND BILLS RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	35,424	30,310
Impairment losses, net (note 7)	(10,200)	5,153
Amount written off as uncollectible	-	(39)
At end of year	<b>25,224</b>	35,424

An impairment analysis is performed at the end of the year using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of the year about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

### As at 31 December 2025

	Current	Past due			Total
		Less than 6 months	6 to 12 months	Over 1 year	
Expected credit loss rate	1.19%	15.50%	37.59%	41.82%	10.13%
Gross carrying amount (RMB'000)	188,861	6,677	8,699	44,665	248,902
Expected credit losses (RMB'000)	2,240	1,035	3,270	18,679	25,224

### As at 31 December 2024

	Current	Past due			Total
		Less than 6 months	6 to 12 months	Over 1 year	
Expected credit loss rate	1.51%	15.86%	37.83%	41.45%	9.04%
Gross carrying amount (RMB'000)	306,355	16,064	15,870	53,655	391,944
Expected credit losses (RMB'000)	4,633	2,547	6,004	22,240	35,424

**24. CONTRACT ASSETS**

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Contract assets arising from:		
Construction services	<b>2,990</b>	9,547
Impairment	-	-
Net carrying amount	<b>2,990</b>	9,547

Contract assets are initially recognised for revenue earned from construction services as the receipt of consideration is conditional on successful completion of construction. Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2025 was the result of the decrease in the ongoing provision of construction services at the end of the year.

During the year ended 31 December 2025, no allowance (2024: Nil) for expected credit losses on contract assets was recognised and the expected loss allowance was assessed to be minimal. The Group's trading terms and credit policy with customers are disclosed in note 23.

The expected timing of recovery or settlement for contract assets as at 31 December 2025 is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within one year	<b>2,990</b>	9,547

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments	215,855	154,667
Other receivables	23,596	11,051
Deposits	1,431	7,048
	<b>240,882</b>	172,766
Impairment	<b>(4,697)</b>	(5,144)
Total	<b>236,185</b>	167,622
Classified as:		
Prepayments, other receivables and other assets	235,114	166,095
Other non-current assets	1,071	1,527
Total	<b>236,185</b>	167,622

Deposits and other receivables mainly represent rental deposits, deposits with suppliers and other receivables from related parties and third parties. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

	2025		
	Deposits	Other receivables	Uncollectable other receivables
Expected credit loss rate	-	-	100%
Gross carrying amount (RMB'000)	1,431	18,899	4,697
Expected credit losses (RMB'000)	-	-	4,697
	2024		
	Deposits	Other receivables	Uncollectable other receivables
Expected credit loss rate	-	-	100%
Gross carrying amount (RMB'000)	7,048	5,907	5,144
Expected credit losses (RMB'000)	-	-	5,144

**25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS** (continued)

The movements in loss allowance for impairment of other receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	5,144	4,619
Impairment losses, net (note 7)	(447)	525
At end of year	4,697	5,144

Except for certain other receivables with a carrying amount of RMB4,697,000, as at 31 December 2025, of which a full provision for impairment has been made, none of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2025, the loss allowance was assessed to be minimal.

**26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS**

	2025 RMB'000	2024 RMB'000
Cash and bank balances	686,587	387,605
Less:		
Time deposits with original maturity of more than three months	(45,539)	(50,000)
Pledged for issuance of bank acceptance notes	(45,270)	(40,231)
Cash and cash equivalents	595,778	297,374
Denominated in Hong Kong Dollars (“HKD”)	486	367
Denominated in United States Dollars (“USD”)	120,202	119,704
Denominated in RMB	475,090	177,303
	595,778	297,374

The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

# NOTES TO FINANCIAL STATEMENTS

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## 27. DEBT INVESTMENTS AT AMORTISED COST

	2025 RMB'000	2024 RMB'000
Principal	45,700	2,700
Impairment (note 7)	–	–
Total	45,700	2,700

The debt instruments at amortised cost at 31 December 2025 amounting to RMB43,000,000 were loans provided to Xingzhou Jiayuan in March and April, 2025, with the interest rate of 7%. The management expects that Xingzhou Jiayuan will repay the debt instruments within 2026.

## 28. TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	446,149	374,528
Bills payables	402,858	354,847
Total	849,007	729,375

An ageing analysis of the outstanding trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	846,601	727,413
1 to 2 years	2,172	1,269
Over 2 years	234	693
Total	849,007	729,375

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

**29. OTHER PAYABLES AND ACCRUALS**

	<b>31 December 2025 RMB'000</b>	31 December 2024 RMB'000
Construction costs	<b>13,924</b>	13,878
Taxes	<b>807</b>	1,008
Payroll and welfare	<b>10,426</b>	10,616
Others	<b>33,338</b>	78,908
<b>Total</b>	<b>58,495</b>	104,410

Other payables are non-interest-bearing and are normally settled on demand.

**30. CONTRACT LIABILITIES**

	<b>31 December 2025 RMB'000</b>	31 December 2024 RMB'000
<i>Short-term advances received from customers</i>		
Installation and management services	<b>36,982</b>	40,330
Construction services	<b>26,924</b>	20,469
Sales of natural gas	<b>46,201</b>	55,969
Sales of construction materials	<b>494</b>	50
<b>Subtotal</b>	<b>110,601</b>	116,818
<i>Long-term advances received from customers</i>		
Installation and management services	<b>303,858</b>	320,755
<b>Total</b>	<b>414,459</b>	437,573

Contract liabilities include advances received from customers to deliver installation and management services, construction services, sales of natural gas and sales of construction materials. The decrease in contract liabilities in 2025 was mainly due to the revenue recognised in relation to advances received from customers about installation and management services.

# NOTES TO FINANCIAL STATEMENTS

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## 31. DEFERRED INCOME

	31 December 2025 RMB'000	31 December 2024 RMB'000
Government grant	81,428	–
Less: Current portion	(12,857)	–
Non-current portion	68,571	–

Deferred income includes government grant received for replacing gas pipelines and facilities, which was credited to deferred income and was released to the statement of profit or loss over the expected useful lives of the gas pipelines and facilities by equal annual instalments.

## 32. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective Interest rate (%)	Maturity	RMB'000	Effective Interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank-loans						
– credited	LPR+0.02%	2026	22,880	LPR+0.05%	2025	7,260
– credited	2.08%	2026	5,000	LPR-0.13%	2025	78,000
– credited	LPR-0.62%	2026	1,500	2.50%	2025	110,000
				LPR+0.02%	2025	17,180
Total-current			29,380			212,440
<b>Non-Current</b>						
Bank-loans						
– credited	LPR-0.52%	2026-2051	200,000	LPR+0.02%	2026-2028	108,640
– credited	LPR-0.52%	2026-2042	120,000	LPR+0.05%*	2026-2029	31,820
– credited	LPR-0.62%	2026-2045	109,500			
– credited	LPR+0.02%	2026-2028	85,760			
– credited	LPR-0.58%	2026-2045	60,000			
– credited	LPR-0.56%	2026-2051	40,000			
Total-non-current			615,260			140,460
Total			644,640			352,900

\* The Group prepaid the loan in one lump sum in 2025.

**32. INTEREST-BEARING BANK BORROWINGS** (continued)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans and borrowings repayable:		
Within one year or on demand	29,380	212,440
In the second year	25,880	30,140
In the third to fifth years, inclusive	91,093	110,320
Beyond five years	498,287	–
<b>Total</b>	<b>644,640</b>	<b>352,900</b>

Notes:

- i. All borrowings are in RMB.
- ii. The Group's unutilised banking facilities amounted to RMB585,077,000 (2024: RMB473,035,000) at the end of the reporting period.

**33. SHARE CAPITAL****Shares**

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
137,844,500 (2024: 137,844,500) ordinary shares	137,845	137,845
	<b>Number of shares</b>	<b>Nominal value RMB'000</b>
At 31 December 2024	137,844,500	137,845
At 31 December 2025	<b>137,844,500</b>	<b>137,845</b>

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 34. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 79 to 80 of the financial statements.

### Statutory surplus reserve (the "SSR")

In accordance with the Company Law of the PRC and the respective articles of association of the subsidiaries established in Mainland China (the "**PRC Subsidiaries**"), each PRC Subsidiary is required to allocate 10% of its profits after tax, as determined in accordance with the applicable PRC accounting standards and regulations, to the SSR until such reserve reaches 50% of its registered capital.

The SSR is non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as issued capital.

In accordance with the Company Law of the PRC, profits after tax of the PRC companies can be distributed as dividends after the appropriation to the SSR as set out above.

### Special reserve – safety fund

Provisions for the Group's obligations for safety operation are based on the Group's revenue arose from sales of natural gas per year in accordance with related PRC rules and regulations. The Group records a corresponding cost when such expenditure for safety operation incurs. The remaining provisions for the Group's obligations for safety operation would be recorded as special reserve – safety fund. The remaining provisions would not be recorded in profit or loss while the Group decreases its retained profits when it recognises the special reserve – safety fund.

### 35. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Groups' subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity interests held by non-controlling interests:		
Gangqu Gas	5%	5%
	2025	2024
	RMB'000	RMB'000
Profit for the year allocated to non-controlling interests:		
Gangqu Gas	14,135	13,837
Dividend paid to non-controlling interest of Gangqu Gas	(6,440)	(7,000)
Accumulated balances of non-controlling interests at the reporting date:	62,605	54,891

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

Gangqu Gas	2025	2024
	RMB'000	RMB'000
Revenue	388,309	392,835
Cost	(327,312)	(337,971)
Total expenses	(35,901)	(33,374)
Profit for the year	25,096	21,490
Total comprehensive income for the year	25,096	21,490
Current assets	76,874	60,195
Non-current assets	154,147	161,923
Current liabilities	(50,340)	(53,981)
Non-current liabilities	(53,406)	(49,117)
Net cash flows from operating activities	23,204	28,390
Net cash flows used in investing activities	(2,760)	(3,907)
Net cash flows used in financing activities	(19,400)	(10,600)
Net increase in cash and cash equivalents	1,044	13,883

# NOTES TO FINANCIAL STATEMENTS

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## 36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB14,808,000 (2024: RMB15,787,000) and RMB14,808,000 (2024: RMB15,787,000), respectively, in respect of lease arrangements for plant and gas pipelines.

### (b) Changes in liabilities arising from financing activities

2025

	Bank borrowings RMB'000	Lease liabilities RMB'000	Interest payable included in other payables and accruals RMB'000
At 1 January 2025	352,900	159,274	–
Changes from financing cash flows	291,740	(28,578)	(13,832)
Interest expense	–	8,155	13,832
New leases	–	14,808	–
At 31 December 2025	644,640	153,659	–

2024

	Bank borrowings RMB'000	Lease liabilities RMB'000	Interest payable included in other payables and accruals RMB'000
At 1 January 2024	189,340	161,308	–
Changes from financing cash flows	163,560	(26,311)	(15,183)
Interest expense	–	8,490	15,183
New leases	–	15,787	–
At 31 December 2024	352,900	159,274	–

**36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS** (continued)**(c) Total cash outflow for leases**

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
With operating activities	2,084	1,292
With financing activities	28,578	26,311
<b>Total</b>	<b>30,662</b>	<b>27,603</b>

**37. CAPITAL COMMITMENTS**

The Group had the following capital commitments at the end of the year:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	2,184	2,235

# NOTES TO FINANCIAL STATEMENTS

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## 38. RELATED PARTY TRANSACTIONS

### (a) Name and relationship

Name of related party	Relationship with the Group
Hangjiaxin	Joint venture
Xinye	Second-tier subsidiary of joint venture
Xingzhou Jiayuan	Associate
Pinghu Natural Gas	Associate
Jiaying Jiatong New Energy Co., Ltd. ("Jiatong New Energy") (嘉興市嘉通新能源股份有限公司)	Associate
Zhejiang Anke Logistics Co. Ltd. ("Zhejiang Anke") (浙江安可物流有限責任公司)	Associate
Jiaying Jiaran Ganghua Transportation Technology Co., Ltd. ("Ganghua Transportation") (嘉興市嘉燃港華交通科技有限公司)	Associate
Anji Xinan Tea Industry Co., Ltd. ("Anji Xinan Tea") (安吉溪南茶業有限公司)	Associate
Jiaying Pipeline Company	Company controlled by shareholders of the Company
Jiaying Qingyuan Ecological Farm Co., Ltd. ("Ecological Farm") (嘉興市清園生態農莊有限公司)	Company controlled by shareholders of the Company
Jiaying Qingchi Hot Spring Tourism Development Co., Ltd. ("Qingchi Hot Spring") (嘉興市清池溫泉旅遊開發有限公司)	Company controlled by shareholders of the Company
Jiaying Qingyuan Hot Spring Management Co., Ltd. ("Qingyuan Hot Spring") (嘉興市清源溫泉管理有限公司)	Company controlled by shareholders of the Company
Zhejiang Qingyuan Tourism Development Group Co., Ltd. ("Qingyuan Tourism") (浙江清園旅遊發展集團有限公司)	Company controlled by shareholders of the Company

Note: Jiaying Qingyuan Hotel Management Co., Ltd. (嘉興市清園酒店管理有限公司) ("Qingyuan Hotel") ceased to be a related party of the Company on 12 June 2024.

**38. RELATED PARTY TRANSACTIONS** (continued)**(a) Name and relationship** (continued)

Name of related party	Relationship with the Group
Jiaxing Qingchi Cultural Industry Development Co., Ltd. ("Qingchi Cultural Industry") (嘉興清池文化產業發展有限公司)	Company controlled by shareholders of the Company
Jiaxing Songjia Trading Co., Ltd. ("Songjia Trading") (嘉興市宋嘉貿易有限公司)	Company controlled by shareholders of the Company
Jiaxing Yunhe Hotel Co., Ltd. ("Yunhe Hotel") (嘉興市運河酒店有限公司)	Company controlled by shareholders of the Company
Jiaxing Salon International Hotel Co., Ltd. ("Salon International Hotel") (嘉興市沙龍國際賓館有限公司)	Company controlled by shareholders of the Company
Jiaxing Yuehe Inn Co., Ltd. ("Yuehe Inn") (嘉興市月河客棧有限公司)	Company controlled by shareholders of the Company
Zhejiang Taiding	Company controlled by shareholders of the Company
Flat Group	Company controlled by a director of the Company
Zhejiang Jinfeng	Company controlled by a director of the Company
Jiaxing Yintai Properties Co., Ltd. ("Jiaxing Yintai") (嘉興胤泰置業有限公司)	Company controlled by a director of the Company
Jiaxing Yinda Properties Co., Ltd. ("Jiaxing Yinda") (嘉興胤達置業有限公司)	Company controlled by a director of the Company
Jiaxing Nanhu Hetai Finance Co., Ltd. ("Nanhu Hetai") (嘉興市南湖禾泰小額貸款有限公司)	Company significantly influenced by shareholders of the Company
顧斌 ("Gu Bin")	Vice general manager

# NOTES TO FINANCIAL STATEMENTS

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## 38. RELATED PARTY TRANSACTIONS (continued)

- (b) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	2025 RMB'000	2024 RMB'000
<b>Associates:</b>			
<i>Purchase of PNG from</i>			
Hangjiaxin	(i)	3,776	–
Xinye	(i)	1,575	12,689
		<b>5,351</b>	12,689
<i>Purchase of LNG from</i>			
Xinye	(i)	135,588	184,000
<i>Sale of LNG to</i>			
Pinghu Natural Gas	(iii)	38	21
<i>Sale of PNG to</i>			
Pinghu Natural Gas	(iii)	7,072	1,947
<i>Sale of products to</i>			
Ganghua Transportation	(iii)	141	384
<i>Provision of labour service</i>			
Jiatong New Energy	(iv)	–	81
<i>Provision of construction services</i>			
Xingzhou Jiayuan	(iv)	–	7,972
Pinghu Natural Gas	(iv)	–	11
		–	7,983
<i>Purchase of transportation service</i>			
Zhejiang Anke	(v)	714	4,494
<i>Rental income from</i>			
Ganghua Transportation	(ii)	53	79
<i>Purchase of properties from</i>			
Jiatong New Energy	(iv)	–	8

**38. RELATED PARTY TRANSACTIONS** (continued)

- (b) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the year: (continued)

	Notes	2025 RMB'000	2024 RMB'000
<b>Joint ventures:</b>			
<i>Rental income from</i>			
Hangjiaxin	(ii)	815	746
<i>Sales of LNG to</i>			
Hangjiaxin	(iii)	113,211	–
Xinye	(iii)	–	150,754
		<b>113,211</b>	<b>150,754</b>
<i>Sales of PNG to</i>			
Xinye	(iii)	–	878
Hangjiaxin	(iii)	12	13
		<b>12</b>	<b>891</b>
<i>Sale of other products to</i>			
Hangjiaxin	(iii)	217	52
<i>Sales of construction materials</i>			
Hangjiaxin	(iv)	–	89
<i>Provision of construction services</i>			
Hangjiaxin	(iv)	482	248
<i>Provision of labour service</i>			
Hangjiaxin	(i)	8,200	–
<i>Provision of transportation services</i>			
Xinye	(iv)	3,871	761
<i>Purchase of warehousing services from</i>			
Hangjiaxin	(v)	13,108	16,462
Xinye	(v)	708	2,123
		<b>13,816</b>	<b>18,585</b>

# NOTES TO FINANCIAL STATEMENTS

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## 38. RELATED PARTY TRANSACTIONS (continued)

- (b) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the year: (continued)

	Notes	2025 RMB'000	2024 RMB'000
<b>Others:</b>			
<i>Purchase of natural gas from</i>			
Jiaxing Pipeline Company	(i)	492,234	538,765
<i>Purchase of construction materials from</i>			
Zhejiang Jinfeng	(i)	6,188	5,186
<i>Purchase of other products from Ecological Farm</i>			
Jiaxing Pipeline Company	(i)	1,648	2,267
Qingyuan Tourism	(i)	25	20
Songjia Trading	(i)	21	–
Qingchi Cultural Industry	(i)	12	239
		11	–
		<b>1,717</b>	2,526
<i>Purchase of services from</i>			
Qingchi Cultural Industry	(iii)	64	1,274
Qingyuan Hotel	(v)	–	764
Yunhe Hotel	(v)	72	60
Jiaxing Pipeline Company	(v)	47	47
		<b>183</b>	2,145
<i>Rental income from</i>			
Qingyuan Hotel	(ii)	–	2,926
Nanhu Hetai	(ii)	24	24
		<b>24</b>	2,950

**38. RELATED PARTY TRANSACTIONS** (continued)

- (b) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the year: (continued)

	Notes	2025 RMB'000	2024 RMB'000
<b>Others:</b> (continued)			
<i>Sales of natural gas to</i>			
Flat Group	(iii)	154,346	222,505
Qingchi Cultural Industry		1,975	1,908
Salon International Hotel	(iii)	1,311	1,493
Yuehe Inn	(iii)	923	1,282
Yunhe Hotel	(iii)	118	101
	(iii)	158,673	227,289
<i>Sales of LNG to</i>			
Jiaxing Pipeline Company	(iii)	–	18,932
<i>Sales of LPG to</i>			
Ecological Farm	(iii)	49	44
<i>Sale of other products to</i>			
Jiaxing Yintai	(iii)	2	1
Qingyuan Tourism	(iii)	26	1
Zhejiang Taiding	(iii)	14	–
		42	2
<i>Provision of construction services</i>			
Yuehe Inn	(iv)	12	9
Jiaxing Pipeline Company	(iv)	–	2,173
Salon International Hotel	(iv)	–	107
Qingchi Cultural Industry	(iv)	–	23
		12	2,312

# NOTES TO FINANCIAL STATEMENTS

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## 38. RELATED PARTY TRANSACTIONS (continued)

- (b) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the year: (continued)

	Notes	2025 RMB'000	2024 RMB'000
<b>Others:</b> (continued)			
<i>Provision of transportation services</i>			
Flat Group	(iv)	1,454	1,180
<i>Provision of other services</i>			
Qingchi Cultural Industry	(iv)	264	127
Ecological Farm	(iv)	–	16
		<b>264</b>	143
<i>Purchase of rental services from</i>			
Gu Bin	(v)	60	–
Zhejiang Taiding	(v)	31	37
		<b>91</b>	37
<i>Interest expense on lease liabilities</i>			
Jiaxing Pipeline Company	(vi)	7,905	8,208
<i>Recognition of right-of-use assets</i>			
Jiaxing Pipeline Company	(vi)	13,846	10,655
Jiaxing Yintai	(vi)	704	704
		<b>14,550</b>	11,359
<i>Purchase of debt investments at amortised cost</i>			
Xingzhou Jiayuan		43,000	–

**38. RELATED PARTY TRANSACTIONS** (continued)

(b) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the year: (continued)

- (i) The purchases of goods from related parties were made according to the published prices and conditions offered by the related parties to their independent third parties.
- (ii) The rental income represents rentals of investment properties leased to the Group's related parties. The annual rentals were determined by agreement of the parties with reference to market price of similar properties.
- (iii) The sales to related parties were determined based on the prices and conditions offered by the related parties to their independent third-party customers.
- (iv) The prices of services provided to the related parties were determined based on the prices and conditions offered to the independent third-party customers of the Group.
- (v) The purchases of services from related parties were made according to the published prices and conditions offered by the related parties to their independent third parties.
- (vi) Part of the purchase of right-of-use assets and interest expense on lease liabilities were resulted from rentals of gas pipelines and properties from Jiaxing Pipeline Company, other purchases of right-of-use assets were resulted from office rental from Jiaxing Yintai. The Company leased right-of-use assets amounting to RMB14,550,000 (2024: RMB11,359,000) and generated interest on lease liabilities amounting to RMB7,905,000 (2024: RMB8,208,000), implying an incremental borrowing rate of 2.98%. The rental prices of gas pipelines and properties were determined based on the arm's length negotiation, taking into account factors including investment costs, depreciation of pipeline network assets, investment return for Jiaxing Pipeline Company and the corresponding repair and maintenance costs to be incurred. The rental prices of office rental were determined based on market price.
- (vii) The Company increase the investment of RMB89,000,000 in Xingzhou Jiayuan after the completion of equity transfer agreements. (2024: RMB40,855,000)

# NOTES TO FINANCIAL STATEMENTS

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## 38. RELATED PARTY TRANSACTIONS (continued)

### (c) Outstanding balances with related parties:

	Notes	2025 RMB'000	2024 RMB'000
<b>Amounts due from related parties before provision</b>			
Hangjjaxin	(i)	114,850	2,483
Qingyuan Hot Spring	(i)	9,268	9,268
Qingchi Cultural Industry	(i)	8,651	8,987
Anji Xinan Tea	(i)	4,319	2,750
Jiaxing Pipeline Company	(i)	2,386	22,537
Xingzhou Jiayuan	(i)	2,958	16,204
Qingchi Hot Spring	(i)	813	813
Salon International Hotel	(i)	164	248
Ecological Farm	(i)	107	4
Yuehe Inn	(i)	60	128
Ganghua Transportation	(i)	29	29
Yunhe Hotel	(i)	11	4
Xinye	(i)	9	79
Pinghu Natural Gas	(i)	6	2
Jiaxing Yintai	(i)	–	5
Total		143,631	63,541
<b>Amounts due to related parties</b>			
Jiaxing Pipeline Company	(ii)/(iii)	188,431	152,824
Zhejiang Jinfeng	(iii)	1,095	2,263
Pinghu Natural Gas	(iii)	200	200
Yuehe Inn	(iii)	12	12
Hangjjaxin	(iii)	10	3
Xinye	(iii)	–	84,175
Flat Group	(iii)	–	1,473
Qingchi Cultural Industry	(iii)	–	272
Yunhe Hotel	(iii)	–	2
Total		189,748	241,224

**38. RELATED PARTY TRANSACTIONS** (continued)**(c) Outstanding balances with related parties:** (continued)

- (i) The amounts due from related parties amounting to RMB143,631,000 (2024: RMB63,541,000) as at end of the reporting period were trade in nature, unsecured, interest-free and repayable within 180 days.
- (ii) The Company rented gas pipelines and properties from Jiaxing Pipeline Company and recognised the corresponding lease liabilities. The maturity profile of the lease liabilities due to Jiaxing Pipeline Company as at the end of the year is as follows:

	Within 1 year RMB'000	Within 2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2025	19,778	83,585	44,623	147,986
At 31 December 2024	17,271	75,655	59,836	152,762

The remaining balance of the amount due to Jiaxing Pipeline Company was RMB40,445,000 (2024: RMB62,000) as at the end of the reporting period which was originally trade in nature, interest-free and repayable within 30 days.

- (iii) The amounts due to related parties amounting to RMB41,762,000 (2024: RMB88,462,000) were trade in nature, unsecured, and interest-free.

**(d) Compensation of key management personnel of the Group**

	2025 RMB'000	2024 RMB'000
Short term employee benefits	5,208	4,823
Post-employment benefits	860	821
<b>Total compensation paid to key management personnel</b>	<b>6,068</b>	<b>5,644</b>

Further details of directors' and chief executive's emoluments are included in note 9 to the financial statements.

The related party transactions in respect of purchase of natural gas from Jiaxing Pipeline Company, purchase of construction materials from Zhejiang Jinfeng, rental income from Qingyuan Hotel and lease of LNG station and equipment from Jiaxing Pipeline Company above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

# NOTES TO FINANCIAL STATEMENTS

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## 39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**2025**

### Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	-	-	223,678	223,678
Debt investments at fair value through other comprehensive income	-	15,559	-	15,559
Financial assets included in prepayments, other receivables and other assets	-	-	20,330	20,330
Financial assets at fair value through profit or loss	67,539	-	-	67,539
Debt investments at amortised cost	-	-	45,700	45,700
Term deposits and pledged deposits	-	-	90,809	90,809
Cash and cash equivalents	-	-	595,778	595,778
	67,539	15,559	976,295	1,059,393

### Financial liabilities

	Financial liabilities measured at amortised cost RMB'000
Trade and bills payables	849,007
Financial liabilities included in other payables and accruals	47,262
Lease liabilities (note 16)	153,659
Interest-bearing bank borrowings (note 32)	644,640
	1,694,568

**39. FINANCIAL INSTRUMENTS BY CATEGORY** (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

**2024**

**Financial assets**

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	–	356,520	356,520
Bills receivable	–	2,673	–	2,673
Financial assets included in prepayments, other receivables and other assets	–	–	12,955	12,955
Financial assets at fair value through profit or loss	63,404	–	–	63,404
Term deposits and pledged deposits	–	–	90,231	90,231
Cash and cash equivalents	–	–	297,374	297,374
	63,404	2,673	757,080	823,157

**Financial liabilities**

	Financial liabilities measured at amortised cost RMB'000
Trade and bills payables	729,375
Financial liabilities included in other payables and accruals	92,786
Lease liabilities (note 16)	159,274
Interest-bearing bank borrowings (note 32)	352,900
	1,334,335

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets</b>				
Debt investments through other comprehensive income	15,559	–	15,559	–
Financial assets at fair value through profit or loss	67,539	63,404	67,539	63,404
	<b>83,098</b>	<b>63,404</b>	<b>83,098</b>	<b>63,404</b>

	Carrying amounts		Fair values	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial liabilities</b>				
Interest-bearing bank borrowings (non-current portion)	615,260	140,460	597,257	139,959

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the board of directors. At the end of each year, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of each of the years were assessed to be insignificant.

#### 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of listed equity investments and wealth management products are based on quoted market prices. The fair values of unlisted equity investment and wealth management products at fair value through profit or loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the board of directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, for example, price to book (“P/B”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by a net assets measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding book value measure of the unlisted equity investment to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of each of the year.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024.

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investment	Valuation multiples	Average P/B multiple of peers	2.07 to 2.53 (2024: 1.55 to 2.68)	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,948,000 (2024: RMB1,948,000)

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## 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Debt investments at fair value through other comprehensive income	-	15,559	-	15,559
Financial assets at fair value through profit or loss	2,465	-	65,074	67,539

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Bills receivables	-	2,673	-	2,673
Financial assets at fair value through profit or loss	2,807	-	60,597	63,404

#### Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value at the end of the year (2024: Nil).

#### Assets for which fair values are disclosed:

The Group did not have any financial assets for which fair values are disclosed at the end of the year (2024: Nil).

#### 40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

##### Fair value hierarchy (continued)

##### Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank borrowings (non-current portion)	-	597,257	-	597,257

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank borrowings (non-current portion)	-	139,959	-	139,959

# NOTES TO FINANCIAL STATEMENTS

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## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The IFRS 7 risk disclosures are entity-specific. This note must be tailored to reflect the particular facts and circumstances of the entity and management's assessments of risks.

The Group's principal financial instruments mainly include cash and cash equivalents and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of the risks which are summarised below:

### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using variable rate debts. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points %	Increase/ (decrease) in profit after tax RMB'000	Increase/ (decrease) in equity* RMB'000
<b>2025</b>			
RMB	50	(2,897)	(2,897)
RMB	(50)	2,897	2,897
<b>2024</b>			
RMB	50	(966)	(966)
RMB	(50)	966	966

\* Excluding retained profits

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)**Foreign currency risk**

The Group's businesses are located in Mainland China and the majority of transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group has not hedged its foreign exchange rate risk.

The following table demonstrates the sensitivity at the end of the year to a reasonably possible change in the HK\$, USD\$ and RMB exchange rate, with all other variables held constant, of the Group's profit after tax and equity.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit after tax RMB'000	Increase/ (decrease) in equity* RMB'000
<b>2025</b>			
If RMB weakens against HK\$	(5)	24	24
If RMB strengthens against HK\$	5	(24)	(24)
If RMB weakens against USD\$	(5)	6	6
If RMB strengthens against USD\$	5	(6)	(6)

\* Excluding retained profits

**Credit risk**

The Group trades only with recognised and creditworthy third parties and related parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis; and therefore, the Group's exposure to bad debts is not significant.

**Maximum exposure and year-end staging**

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Credit risk (continued)

#### Maximum exposure and year-end staging (continued)

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Debt investments at fair value through other comprehensive income	15,559	-	-	-	15,559
Trade and bills receivables*	-	-	-	248,916	248,916
Contract assets*	-	-	-	2,990	2,990
Financial assets included in prepayments, other receivables and other assets					
– Normal**	20,330	-	-	-	20,330
– Doubtful**	-	-	4,697	-	4,697
Term deposits and pledged deposits	90,809	-	-	-	90,809
Cash and cash equivalents					
– Not yet past due	595,778	-	-	-	595,778
	<b>722,476</b>	<b>-</b>	<b>4,697</b>	<b>251,906</b>	<b>979,079</b>

**41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)**Credit risk** (continued)**Maximum exposure and year-end staging** (continued)

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables*	–	–	–	394,617	394,617
Contract assets*	–	–	–	9,547	9,547
Financial assets included in prepayments, other receivables and other assets					
– Normal**	11,095	–	–	–	11,095
– Doubtful**	–	–	5,144	–	5,144
Term deposits and pledged deposits	90,231	–	–	–	90,231
Cash and cash equivalents					
– Not yet past due	297,374	–	–	–	297,374
	398,700	–	5,144	404,164	808,008

\* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 23 and 24 to the financial statements, respectively.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 23 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	On demand RMB'000	Within 1 year RMB'000	Within 2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 31 December 2025</b>					
Trade payables	849,007	-	-	-	849,007
Financial liabilities included in other payables and accruals	47,262	-	-	-	47,262
Lease liabilities	-	26,044	100,863	68,748	195,655
Interest-bearing bank borrowings	-	32,147	127,908	649,775	809,830
	<b>896,269</b>	<b>58,191</b>	<b>228,771</b>	<b>718,523</b>	<b>1,901,754</b>

	On demand RMB'000	Within 1 year RMB'000	Within 2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 31 December 2024</b>					
Trade payables	729,375	-	-	-	729,375
Financial liabilities included in other payables and accruals	92,786	-	-	-	92,786
Lease liabilities	-	26,044	100,863	68,748	195,655
Interest-bearing bank borrowings	-	215,809	154,844	-	370,653
	<b>822,161</b>	<b>241,853</b>	<b>255,707</b>	<b>68,748</b>	<b>1,388,469</b>



# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using the gearing ratio, which is net debt divided by the capital plus net debt. The Group's net debt includes interest-bearing bank borrowings and lease liabilities, less cash and cash equivalents and pledged deposits. Capital includes equity attributable to owners of the parent. The gearing ratios at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Interest-bearing bank and other borrowings (note 32)	644,640	352,900
Lease liabilities (note 16)	153,659	159,274
Less: Cash and cash equivalents	(595,778)	(297,374)
Term deposits and pledged deposits (note 26)	(90,809)	(90,231)
Net debt	111,712	124,569
Equity attributable to owners of the parent	1,226,790	1,130,702
Capital and net debt	1,338,502	1,255,271
Gearing ratio	8.35%	10%

## 42. EVENTS AFTER THE REPORTING PERIOD

On 9 February 2026, Jiaran Construction (a direct wholly-owned subsidiary of the Company) entered into the equity transfer agreement with Shandong Ruixinhe Energy Co., Ltd, pursuant to which Jiaran Construction has agreed to conditionally pay RMB39,870,000 to purchase from Shandong Ruixinhe Energy Co., Ltd 10% of the equity interest in the Xingzhou Jiayuan. Jiaran Construction expected to complete the transaction in early April 2026 and following the completion of the 2023 Acquisition, the 2024 Acquisition and the 2025 Acquisition, as at the date of the Equity Transfer Agreement, Xingzhou Jiayuan was directly held as to an aggregate of 40% by the Group. Upon the Completion, Xingzhou Jiayuan will be held as to 50% in aggregate by the Group.

According to the Articles of Association of Xingzhou Jiayuan, any resolutions made at the shareholders' meeting relating to the amendment of the Articles of Association, modification of registered capital, as well as the merger, division, and dissolution of Xingzhou Jiayuan, must be adopted by all shareholders. Other general resolutions shall be require by two thirds or more of the voting rights held by all shareholders. Therefore, management of the Company regards that the Group has joint control over Xingzhou Jiayuan, and recognised it as a joint venture even the Group's ownership interests in Xingzhou Jiayuan will be 50% since the Completion.

## 43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	720,452	583,242
Investment properties	307,819	260,189
Right-of-use assets	114,427	115,654
Other intangible assets	3,954	4,189
Investment in a joint venture	472,874	472,874
Investments in associates	43,684	28,333
Investments in subsidiaries	118,495	88,695
Financial assets at fair value through profit or loss	65,074	60,597
Deferred tax assets	85,305	79,635
Other non-current assets	37	233
<b>Total non-current assets</b>	<b>1,932,121</b>	<b>1,693,641</b>
<b>CURRENT ASSETS</b>		
Inventories	70,570	161,050
Trade and bills receivables	153,049	280,615
Debt investments at fair value through other comprehensive income	1,508	–
Contract assets	2,990	9,547
Prepayments, other receivables and other assets	394,908	259,332
Financial assets at fair value through profit or loss	2,465	2,807
Term deposits and pledged deposits	89,155	90,231
Cash and cash equivalents	373,239	122,052
<b>Total current assets</b>	<b>1,087,884</b>	<b>925,634</b>

# NOTES TO FINANCIAL STATEMENTS

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## 43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	2025 RMB'000	2024 RMB'000
<b>CURRENT LIABILITIES</b>		
Trade and bills payables	694,057	604,244
Interest-bearing bank borrowings	22,880	212,440
Tax payable	–	10,591
Other payables and accruals	71,804	136,913
Contract liabilities	84,205	100,230
Deferred income	12,857	–
Lease liabilities	19,904	17,392
Total current liabilities	905,707	1,081,810
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	182,177	(156,176)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	2,114,298	1,537,465
<b>NON-CURRENT LIABILITIES</b>		
Contract liabilities	263,484	275,749
Deferred income-non	68,571	–
Deferred tax liabilities	25,210	–
Interest-bearing bank borrowings	605,760	140,460
Lease liabilities	128,210	135,620
Total non-current liabilities	1,091,235	551,829
Net assets	1,023,063	985,636
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	137,845	137,845
Reserves (note)	885,218	847,791
<b>TOTAL EQUITY</b>	1,023,063	985,636

**43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY** (continued)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total reserves RMB'000
At 1 January 2024	264,277	85,780	432,812	782,869
Total comprehensive income for the year	–	–	147,629	147,629
Final 2023 and interim 2024 dividend declared and paid	–	–	(82,707)	(82,707)
Transfer from retained profits	–	13,431	(13,431)	–
At 31 December 2024	<b>264,277</b>	<b>99,211</b>	<b>484,303</b>	<b>847,791</b>
Total comprehensive income for the year	–	–	92,565	92,565
Final 2024 and interim 2025 dividend declared and paid	–	–	(55,138)	(55,138)
Transfer from retained profits	–	13,154	(13,154)	–
At 31 December 2025	<b>264,277</b>	<b>112,365</b>	<b>508,576</b>	<b>885,218</b>

**44. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.

# FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
<b>Results</b>					
Revenue	1,988,553	3,466,036	2,956,483	3,420,317	<b>3,121,230</b>
Cost	(1,750,883)	(3,300,275)	(2,690,919)	(3,065,422)	<b>(2,914,139)</b>
Gross profit	237,670	165,761	265,564	354,895	<b>207,091</b>
Selling and distribution costs	(26,163)	(19,119)	(26,314)	(26,343)	<b>(28,688)</b>
Administrative expenses	(53,865)	(54,164)	(68,562)	(74,177)	<b>(76,526)</b>
Other expenses	(7,209)	(2,468)	(13,588)	(895)	<b>(456)</b>
Profit before tax	158,143	102,414	282,304	262,139	<b>197,141</b>
Tax	(36,801)	(25,992)	(31,791)	(60,679)	<b>(32,295)</b>
Profit for the year	121,342	76,422	250,513	201,460	<b>164,846</b>
Profit attributable to for the year					
Shareholders of the Company	117,380	69,344	239,004	187,623	<b>150,742</b>
Non-controlling interests	3,962	7,078	11,509	13,837	<b>14,104</b>
<b>Assets and liabilities</b>					
Non-current assets	1,383,188	1,444,837	1,771,101	1,881,807	<b>2,191,180</b>
Current assets	589,427	631,990	883,639	1,102,042	<b>1,330,789</b>
Non-current liabilities	712,715	673,782	641,840	602,410	<b>1,145,909</b>
Current liabilities	435,127	525,536	944,484	1,195,846	<b>1,086,665</b>
Equity attributable to equity shareholders of the Company	824,773	877,509	1,068,416	1,185,593	<b>1,289,395</b>

