

JY GAS LIMITED

交运燃气有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1407



2025

ANNUAL REPORT

CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Directors and Senior Management	14
Directors' Report	21
Corporate Governance Report	38
Independent Auditors' Report	58
Consolidated Statement of Profit or Loss and Other Comprehensive Income	63
Consolidated Statement of Financial Position	65
Consolidated Statement of Changes in Equity	67
Consolidated Statement of Cash Flows	69
Notes to the Consolidated Financial Statements	70
Summary of Financial Information	149
Definitions	150



CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and executive Director

Mr. Luan Linjiang
(resigned with effect from 1 September 2025)
Mr. Luan Xiaolong (Chief Executive Officer)
(appointed as Chairman with effect from 1 September 2025)

Executive Directors

Mr. Luan Linxin
Ms. Xu Huanxia
(appointed with effect from 1 September 2025)

Non-executive Director

Mr. Lui Chun Pong
(appointed with effect from 1 September 2025)

Independent non-executive Directors

Mr. Wei Yi
Mr. Tian Qiang
Ms. Liu Xiaoye

BOARD COMMITTEE

Audit Committee

Ms. Liu Xiaoye (Chairlady)
Mr. Tian Qiang
Mr. Wei Yi

Remuneration Committee

Mr. Tian Qiang (Chairman)
Mr. Wei Yi
Mr. Luan Xiaolong

Nomination Committee

Mr. Luan Linjiang (Chairman)
(resigned with effect from 1 September 2025)
Mr. Luan Xiaolong
(appointed as Chairman with effect from 1 September 2025)
Mr. Tian Qiang
Ms. Liu Xiaoye

Risk Management Committee

Ms. Liu Xiaoye (Chairlady)
Mr. Luan Xiaolong
Mr. Wei Yi

ESG Committee

Mr. Luan Xiaolong (Chairman)
Mr. Luan Linjiang
(resigned with effect from 1 September 2025)
Ms. Xu Huanxia
(appointed with effect from 1 September 2025)
Mr. Wei Yi
Mr. Tian Qiang

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Palm Grove Unit 4
265 Smith Road, George Town
P. O. Box 52A Edgewater Way
#1653 Grand Cayman KY1-9006
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

3/F, Jiaoyun Group Building
No. 2568 Shi'an Road
Gaomi City
Weifang Municipality
Shandong Province
PRC

CORPORATE INFORMATION (CONTINUED)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

46/F., Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

COMPANY'S WEBSITE

www.gmjytrq.com

JOINT COMPANY SECRETARIES

Mr. Zhang Yupeng
Ms. Ho Wing Nga FCG HKFCG (PE)

AUTHORIZED REPRESENTATIVES (UNDER THE LISTING RULES)

Mr. Luan Xiaolong
Ms. Ho Wing Nga

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

ICS Corporate Services (Cayman) Limited

Palm Grove Unit 4
265 Smith Road, George Town
P.O. Box 52A Edgewater Way
#1653 Grand Cayman KY1-9006
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKS

China Construction Bank Corporation,
Gaomi Branch
BANK OF RIZHAO CO., LTD, Gaomi Branch
Shandong Gaomi Rural Commercial
Bank Co., Ltd., Business Department

LEGAL ADVISORS TO OUR COMPANY

As to Hong Kong law:

Stephenson Harwood

As to Cayman Islands law:

Conyers Dill & Pearman

AUDITOR

BDO Limited

*Certified Public Accountants
and Registered Public Interest Entity Auditor*
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

STOCK CODE

1407

DATE OF LISTING

16 November 2022

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The PRC government continues to advance its national strategy of reducing air pollution and greenhouse gas emissions, with natural gas positioned as an important transitional fuel in the country's low carbon energy transformation. In line with China's dual carbon objectives of achieving carbon peaking and carbon neutrality, the Group expects national and provincial authorities to further strengthen policy support for low carbon and clean energy development. These measures are anticipated to sustain long term growth in natural gas consumption.

The implementation of the provincial 14th Five-Year Energy Development Plan of Shandong Province (《山東省能源發展「十四五」規劃》) has accelerated the transition toward a cleaner and more diversified energy structure. Shandong Province continues to promote clean energy substitution, enhance energy supply security, and expand natural gas usage across residential and industrial sectors. Such policies are supportive of the orderly development of the natural gas market in Gaomi City, where the Group operates.

The Energy Law of the People's Republic of China (《中華人民共和國能源法》), which came into effect on 1 January 2025, quickened the pace of market-oriented reforms in the power sector, accelerated low carbon transition, and provided clearer rules and expectations for energy distributors, including natural gas market participants.

Guided by national and provincial policy directions, the Group will continue to strengthen its natural gas supply network and act as a reliable source of energy in Gaomi City, while contributing to the sustainable development of the Group's business.

DEVELOPMENT STRATEGY AND OUTLOOK

As Gaomi City's largest natural gas provider, the Group's business is supported by a strong customer base which grows steadily with the expansion of the Group's pipeline network and completion of clean energy projects in rural areas.

The Group remains committed to improving the safety management of its natural gas operations by prioritising its investment in operational safety management. In addition to carrying out comprehensive safety inspections and strengthening technical capacities, the Group will also continue to promote and provide gas safety training and education to ensure that all personnel of the Group, to ensure safe use of natural gas by its customers.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW

The Group is a natural gas operator in Gaomi City, Weifang Municipality of Shandong Province, the PRC. The Group has an exclusive right under its concession agreement with Gaomi City Bureau of Municipal Affairs Administration to operate PNG sales and related businesses within a specified operating area which represents approximately 70% of the total administrative area of Gaomi City (the “**Operating Area**”). The concession has an effective term of 30 years until August 2039.

During the Year, the Group primarily generated revenue from its sale of natural gas in Gaomi City. The sale of PNG is its principal business. As at the end of the Year, the Group’s customers of its sale of PNG business included (a) retail customers which comprised 160,592 active residential PNG end-users, 391 active industrial PNG end-users and 5,244 active commercial PNG end-users, representing an increase of approximately 3.7%, 4.5%, and 2.2% from that as at the year end of 2024; and (b) three wholesale customers, which are natural gas suppliers in neighbouring cities or natural gas refuelling station operators in Gaomi City. The Group’s sales volume of PNG was approximately 82.5 million m³ for the Year, representing a decrease of approximately 5.8% as compared to that for the year ended 31 December 2024. As at the end of the Year, the Group’s urban pipeline network was comprised of approximately 798.5 kilometres of completed mid-pressure pipelines.

While sale of PNG continues to be the Group’s core business, it also engages in the sale of CNG and LNG at its CNG and LNG refuelling stations, the provision of construction and installation services, and the sale of gas-burning appliances.

In 2025, the economy of China experienced challenges due to the complex and volatile international geopolitical landscape. The general economic slowdown resulted in less demand for manufacturing activities, which led to weakened natural gas consumption. This negatively impacted the Group, as the majority of its PNG customers are industrial PNG end-users, many of which operate textile or manufacturing factories.

In addition, as the overall property market in China was on a downward trend in 2025, the Group was affected by the weak property market condition. A reduction in new property development and construction activities in Gaomi City led to decreased demand for construction and installation services and sale of gas-burning appliances, which are business segments with relatively higher profit margins for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Despite the decline in revenue, the Group nonetheless achieved higher operating profit for 2025 as compared to 2024, due to the overall lower cost of sales, which mainly comprised PNG procurement. The market price of PNG from upstream suppliers in the PRC was generally lower in 2025 as compared to 2024, as a result of abundant supply and reduced demand. In accordance with government pricing policies, the Group's PNG selling price to residential PNG end-users remain unchanged, while the PNG selling price to industrial and commercial PNG end-users was lowered to a slighter degree.

However, the Group's net profit declined for 2025 as compared to 2024. This was mainly because of a larger net loss resulting from fair value adjustment to investment properties.

SEGMENTAL ANALYSIS

1. PNG SALES

The Group supplies PNG to retail customers comprising residential, industrial and commercial PNG end-users, as well as wholesale customers. During the Year, the total revenue of the Group generated from its PNG sales business was RMB298.1 million, representing a decrease of 3.0% as compared to RMB307.2 million for the year ended 31 December 2024. The Group's sales volume of PNG was approximately 82.5 million m³ for the Year, representing a decrease of 5.8% as compared to approximately 87.6 million m³ for the year ended 31 December 2024.

Sales to retail customers: Revenue generated from PNG sales to retail customers was RMB287.5 million for the Year remained relatively stable as compared to RMB295.5 million for the year ended 31 December 2024. During the Year, PNG sales to industrial PNG end-users accounted for the largest portion of the Group's total PNG sales. During the Year, PNG sales volume to the Group's industrial, residential and commercial PNG end-users was 45.2 million m³, 31.5 million m³, and 1.7 million m³, respectively, accounting for approximately 57.7%, 40.1% and 2.2% of the Group's total PNG sales volume to retail customers. Comparatively, for the year ended 31 December 2024, PNG sales volume to industrial, residential and commercial PNG end-users was 52.7 million m³, 29.5 million m³ and 1.1 million m³, respectively, accounting for approximately 63.3%, 35.4% and 1.3% of the Group's total PNG sales volume to retail customers.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Although there has been a slight increase in sale of PNG to residential and commercial PNG end-users, it was unable to offset the decrease in sales to industrial PNG end-users, which was mainly due to reduced demand for natural gas, as the weak global economy and uncertainty stemming from the complex geopolitical environment led to a slowdown of the industrial sector in Gaomi City.

Sales to our wholesale customers: Revenue generated from PNG sales to our wholesale customers was RMB10.5 million for the Year, representing a decrease of 10.3% from RMB11.7 million for the year ended 31 December 2024. During the Year, PNG sales volume to our wholesale customers was 4.1 million m³, remained relatively stable as compared to 4.3 million m³ for the year ended 31 December 2024. Such decrease was mainly due to lower demand for natural gas by one of our wholesale customers that operate a natural gas refuelling station in Gaomi City.

2. CNG AND LNG SALES

The Group supplies CNG and LNG to vehicle users at its CNG and LNG refuelling stations in Gaomi City. During the Year, revenue of the Group generated from its CNG and LNG sales business was RMB13.3 million, representing a decrease of 26.0% as compared to RMB18.0 million for the year ended 31 December 2024. Such decrease was primarily due to (i) the increasing popularity of electric vehicles as a result of its low charging costs, thereby leading to fewer use of CNG and LNG vehicles as a whole; and (ii) the Group's closure of another one of its gas refuelling stations in September 2025 due to high procurement and management costs and a low gross profit margin.

3. CONSTRUCTION AND INSTALLATION SERVICES

The Group provides construction and installation services to property developers, residential PNG end-users and non-residential PNG end-users. During the Year, revenue of the Group generated from its construction and installation services was RMB19.9 million, representing a decrease of 33.7% as compared to RMB30.0 million for the year ended 31 December 2024. Such decrease was primarily attributable to (i) minimal installation work carried out for clean energy projects during 2025, as the contracted project draws to an end in 2025; and (ii) less construction and delivery of new properties as a result of the weak property market in Gaomi City.

4. SALE OF GAS-BURNING APPLIANCES

The Group sells gas-burning appliances such as gas stoves, wall-hung gas boilers and water heaters, primarily to property owners and property occupiers. During the Year, revenue of the Group generated from its sale of gas-burning appliances was RMB3.4 million, representing a decrease of 77.8% as compared to RMB15.3 million for the year ended 31 December 2024. Such decrease was primarily attributable to decrease in demand for installation of gas stoves and wall-hung gas boilers as (i) the clean energy projects all completed in 2025; and (ii) less delivery of new properties as a result of the weak property market in Gaomi City.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL OVERVIEW

Revenue

The Group's revenue for the Year was RMB334.6 million, representing a decrease of 9.7% as compared to RMB370.4 million for the year ended 31 December 2024. The decrease in revenue was mainly attributable to (i) the decrease in demand for natural gas by industrial PNG end-users as the weak global economy and uncertainty stemming from the complex geopolitical environment led to a slowdown of the industrial sector in Gaomi City; and (ii) the drop in construction and installation work carried out as well as sale of gas-burning appliances.

Gross Profit

The Group's gross profit for the Year was RMB64.2 million, representing an increase of 11.1% as compared to RMB57.8 million for the year ended 31 December 2024. The increase in gross profit was mainly due to relatively stable PNG selling prices coupled with lower procurement costs, in respect of sales of PNG. The Group's gross profit margin remained relatively stable at 19.2% and 15.6% for the year ended 31 December 2025 and 2024, respectively.

Administrative expenses

The Group's administrative expenses for the Year was RMB25.2 million, representing an increase of 12.3% as compared to RMB22.4 million for the year ended 31 December 2024. Such increase was mainly due to increase in staff costs, in light of the high turnover rate, hence there was a need to increase employee wages to retain talent. Furthermore, professional fees increased to facilitate the Group's development.

Reversal of net impairment losses on financial assets and contract assets

The Group recorded a reversal of net impairment losses on financial assets and contract assets of RMB2.1 million during the Year, as compared to a provision of net impairment losses on financial assets and contract assets of RMB42,000 during the year ended 31 December 2024. This was primarily due to lowered credit risk of payables from Gaomi City government in relation to the clean energy projects, as re-assessed by the Company based on the prevailing credit risk estimation.

Other Income

The Group's other income for the Year was RMB5.6 million, representing a decrease of 7.5% as compared to RMB6.0 million for the year ended 31 December 2024. The Group's other income was lower for the year ended 31 December 2025 mainly because the Group has received a lower amount of compensation from insurance institution during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other losses/gains, net

The Group recorded other net losses for the Year amounting RMB3.4 million, as compared to other net gains of RMB1.3 million for the year ended 31 December 2024. This was primarily because of a larger net loss resulting from fair value adjustment to investment properties.

Finance income and costs, net

The Group's finance income for the Year was RMB0.3 million, representing a decrease of 88.0% as compared to RMB2.3 million for the year ended 31 December 2024, which was mainly due to lower interest income from bank deposits and imputed interest income on trade receivables as a result of generally lower applicable interest rates. The Group's finance costs for the Year were RMB3.5 million, which remained relatively stable as compared to RMB3.5 million for the year ended 31 December 2024.

Income Tax Expense

The Group's income tax expense for the Year was RMB11.2 million, remained relatively stable as compared to RMB11.2 million for the year ended 31 December 2024. The effective tax rate for the Year was 27.96% (the effective tax rate for the year ended 31 December 2024 was 27.1%).

Profit and Total Comprehensive Income Attributable to Owners of the Company

Profit and total comprehensive income attributable to owners of the Company for the Year was RMB29.6 million, representing a decrease of 1.4% as compared to RMB30.0 million for the year ended 31 December 2024, which was mainly due to an increase of other net losses, the reversal of net impairment losses on financial assets and contract assets, and a decrease in finance income.

Trade and Other Receivables

The Group's trade and other receivables was RMB93.1 million as at 31 December 2025, representing an increase of 4.0% as compared to RMB89.5 million as at 31 December 2024. This was because of the net effect of the decrease in trade receivables and the increase in other receivables. The decrease in trade receivables was mainly due to the settlement of some trade receivables by Gaomi City government in respect of clean energy projects, which amounted to RMB5.0 million being settled during the Year. The increase of other receivables was mainly due to the late payment of rent of the Jiaoyun Market by a related party.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Trade and Other Payables

The Group's trade and other payables was RMB64.4 million as at 31 December 2025, representing a decrease of 18.4% as compared to RMB78.9 million as at 31 December 2024, which was mainly attributable to the settlement of some trade payables to its suppliers in respect of clean energy projects.

Liquidity and Financial Position

The Group's current assets amounted to RMB337.8 million as at 31 December 2025, remained relatively stable as compared to RMB337.8 million as at 31 December 2024. As at 31 December 2025, the Group's cash and bank balances amounted to RMB221.4 million.

As at 31 December 2025, the current ratio (current assets/current liabilities) of the Group was 148.8% (134.3% for the year ended 31 December 2024) and the debt ratio of the Group (total liabilities/total assets) was 43.0% (46.7% for the year ended 31 December 2024). As at 31 December 2025, the Group's utilised bank loans amounted to RMB68.2 million, all of which were denominated in RMB, bearing an annual interest rate of 4.3%. As at 31 December 2025, the Group had unutilised bank credit amounting to RMB1 million. As at 31 December 2025, the Group had lease liabilities of RMB1.9 million, of which RMB0.2 million is analysed as current portion, and RMB1.7 million is analysed as non-current portion.

The gearing ratio of the Group was 21.3% as at 31 December 2025 (19.8% as at 31 December 2024). The ratio was calculated by dividing total debt (borrowings and lease liabilities) by total equity as at the end of the relevant year. As at 31 December 2025, the Group maintained a net cash position.

Exchange Rate Fluctuation Risk

While Group's businesses are principally denominated in RMB, it has certain deposits denominated in Hong Kong dollars which expose it to exchange rate fluctuation risk. Currently, the Group does not have any hedging policy on foreign currency. The Group's management will closely monitor the exchange rate fluctuation risk and take appropriate measures such as hedging measures to control the exchange rate fluctuation risk when necessary.

Contingent Liabilities

As at 31 December 2025, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Guarantee Obligations

As at 31 December 2025, the Group had no material financial guarantee obligations.

Pledge of Assets

As at 31 December 2025, none of the assets of the Group were pledged (nil as at 31 December 2024).

Significant Investment

During the Year, the Group did not hold any significant investment. As of 31 December 2025, the Group did not have future plans for material investments and investment in capital assets.

Material Acquisition and Disposal

During the Year, the Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures.

Human Resources and Employee Compensation

As at 31 December 2025, the Group employed a total of 151 employees in the PRC as compared to 154 as at 31 December 2024. During the Year, the total employee costs of the Group were RMB14.1 million. The Group manages its personnel actively, including but not limited to providing training on relevant policies and regulations, safety management and professional knowledge in order to improve management skills, strengthen employees' professional skills and enhance the competitiveness of the Group.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there are no events causing material impact on the Group from the end of the Year to the date of this report.

MATERIAL LITIGATION

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

NO MATERIAL CHANGES

Save as disclosed in this report, during the Year, there were no material changes affecting the Group's performance that needs to be disclosed under the Listing Rules.

NET PROCEEDS FROM THE GLOBAL OFFERING AND UPDATE ON EXPECTED TIMELINE FOR USE OF PROCEEDS

The Shares were listed on the Main Board of the Stock Exchange ("Listing") on 16 November 2022, with a total of 110,000,000 Shares issued pursuant to the global offering of Shares ("Global Offering"). After deducting the underwriting fees and relevant expenses, net proceeds from the Global Offering (the "Net Proceeds") amounted to approximately HK\$111.6 million (equivalent to RMB101.2 million). The following table sets out the intended use and actual use of the Net Proceeds as at 31 December 2025:

Designated use of Net Proceeds	% of Net Proceeds	Allocated amount (RMB million)	Utilised as at 31 December 2025 (RMB million)	Unutilised as at 31 December 2025 (RMB million)	Expected to be utilised prior to the following date
Expanding the sale of PNG business through construction of new mid-pressure pipelines of approximately 101.0 km in the Operating Area	48.5%	49.1	42.7	6.4	By the end of 2026
Upgrading approximately 43.4 km of the urban pipeline network	20.5%	20.7	17.4	3.3	By the end of 2026
Replacing existing gas meters with Goldcard Meters for over 19,500 households in the Operating Area	6.9%	7.0	7.0	-	-
Construction of an aggregate of approximately 18.0 km PNG end-user pipelines that connect the urban pipeline network for implementing the Clean Energy Projects to serve over 5,500 households in the Operating Area	14.1%	14.3	14.3	-	-
Working capital and other general corporate purposes	10.0%	10.1	9.2	0.9	By the end of 2026

As at the date of this report, the unutilised Net Proceeds are deposited in an interest-bearing account opened with a licensed bank.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

Risk associated with pricing

The Group's largest business segment is the sale of PNG. The PNG selling price is subject to pricing policies adopted by the PRC government. Pricing of PNG may be adjusted by the PRC government due to various considerations such as fluctuations in the costs of raw materials, changes in demand level and overall economic development. The Group does not have control over the prices guided by the PRC government or their adjustments, and any increased costs in procurement of PNG may not be passed on to PNG end-users in a timely manner, or at all.

The Group will continuously monitor its procurement costs and relevant pricing policies, and seek to maintain communication with the relevant local pricing bureau and apply for adjustment of its PNG selling price as may be permitted in accordance with the upstream and downstream gas price linkage mechanism.

Risk associated with operational focus on Gaomi City

The Group operates its business in Gaomi City of Shandong Province. Its business, financial conditions, operating results and prospects will continue to depend heavily on the economic and social conditions of Gaomi City and its neighbouring areas, as well as the continuous support of the national and local governments in the promotion and support of the use of natural gas as a clean energy source.

The Group will ensure the safety and quality of its operations through regular inspections and maintenance, and remain in regular communication with the local government to ensure that its operations and services are in line with the government policy.

Financial risks

Key financial risk factors and the financial risk management policies of the Group are set out in note 3 to the consolidated financial statements in this report.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Luan Xiaolong (樂小龍先生) (with former name as Luan Xiaolong (樂曉龍)) (“Mr. Luan”), aged 39, is an executive Director, chairman of the board, chief executive officer and Controlling Shareholder. He was appointed as our Director on 9 March 2021 and was redesignated as our executive Director and appointed as our chief executive officer on 16 August 2021. Mr. Luan was appointed as the chairman of the board and the chairman of the nomination committee on 1 September 2025. Mr. Luan is mainly responsible for the overall direction, management, supervision and development strategies of our Group. Mr. Luan is the nephew of Mr. Luan Linxin (an executive Director of the Company). Mr. Luan Xiaolong is also a member of the Remuneration Committee, Risk Management Committee and ESG Committee.

Mr. Luan joined our Group in January 2016. Since November 2015, Mr. Luan has been serving as the deputy general manager in Jiaoyun Group, where he is primarily responsible for the overall leadership, management and supervision of Jiaoyun Group and its related business, and is also put in charge of the overall leadership, management and supervision of Jiaoyun Natural Gas. Since 1 January 2016, he has been officially appointed as the deputy manager of Jiaoyun Gas and is mainly responsible for the development strategies of Jiaoyun Gas. Mr. Luan also holds various positions in our other subsidiaries, namely director of JY GAS HOLDING LIMITED, JY GAS HK Limited, QMRIG Limited and QMHC Limited since March 2021, April 2021, July 2021 and July 2021, respectively, as well as executive director and manager of Jiaoneng Energy Investment (Shandong) Co., Ltd.* (交能能源投資(山東)有限公司) since May 2021.

Mr. Luan has over nine years of experience in natural gas industry and the operation and management of companies and over three years of experience in banking business and the management of companies fields. Prior to joining our Group, Mr. Luan had held various positions in Industrial Bank Co., Ltd. Weifang Branch (興業銀行股份有限公司濰坊分行) (a company listed on the Shanghai Stock Exchange, stock code: 601166), including (i) as the corporate finance account manager from April 2012 to May 2014; (ii) as the account manager of corporate business department of Gaomi Sub-Branch from May 2014 to March 2015; and (iii) as the chief of the first division of corporate business of Gaomi Sub-Branch from March 2015 to September 2015.

Mr. Luan obtained a diploma in business administration from Shandong University (山東大學) in the PRC in July 2009 and a bachelor’s degree in business administration from Pacific Lutheran University in the United States in May 2010. He later obtained a master of business administration degree from Pace University in the United States in December 2011.

Mr. Luan Linxin (樂林新先生) (“Mr. Luan”), aged 73, is an executive Director of our Company. He was appointed as our Director on 16 August 2021, and was re-designated as our executive Director on 14 February 2022. Mr. Luan is mainly responsible for the overall direction, management and supervision of our Group. Mr. Luan is the uncle of Mr. Luan Xiaolong (an executive Director, the chairman and chief executive officer of the Company).

Mr. Luan joined our Group in February 2016. Since February 2016, Mr. Luan has been the legal representative, executive director and general manager of Jiaoyun Gas and is mainly responsible for the overall leadership, management and supervision of Jiaoyun Gas.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Executive Directors (CONTINUED)

Mr. Luan has over 20 years of experience in the operation and management of companies. From October 1995 to April 2004, he served as the chief of dispatching section in Shandong Gaomi Intermodal Transport Company* (山東省高密市聯運公司), a company engaging in the provision of road transport services, where he was responsible for vehicle dispatching. From May 2004 to June 2008, he served as the deputy manager in Shandong Baotong Communication Engineering Co., Ltd. Gaomi Branch* (山東寶通通信工程有限公司高密分公司), a company engaging in software and information technology, where he was responsible for the management of the construction of network communication engineering. He then served as the deputy manager in Gaomi Jiaoyun Thermal Co., Ltd.* (高密市交運熱力有限公司, "Jiaoyun Thermal") from July 2008 to April 2013, and subsequently served as the legal representative, executive director and general manager in the same company since May 2013, primarily responsible for the overall leadership, management and supervision of Jiaoyun Thermal and its related business. From December 2014 to November 2016, Mr. Luan served as the legal representative, executive director and general manager in Jiaoyun Property, where he was mainly responsible for the overall leadership, management and supervision of Jiaoyun Property and its related business. From January 2015 to July 2021, he served as the supervisor in Gaomi Rongtong Private Financing Registration Service Co., Ltd.* (高密市融通民間融資登記服務有限公司), where he was mainly responsible for the supervision of the company and its related business.

Ms. Xu Huanxia (徐歡霞女士) ("Ms Xu"), aged 43, is an executive Director of our Company and a member of the ESG Committee. Ms. Xu was appointed as an executive Director on 1 September 2025.

Ms. Xu has over 15 years of experience in the fields of investment and management, including in relation to energy-related businesses. Ms. Xu's previous work experience include serving as: (i) a project manager at Guosen Securities Co., Ltd.* (國信證券股份有限公司) from 2009 to 2013; (ii) the founder and the general manager of Beijing Zhonghong Wealth Investment Management Co., Ltd.* (北京中宏財富投資管理有限公司) from 2014 to 2021, and (iii) the deputy general manager of Qingyang Zhongchao Energy Chemical Co., Ltd.* (慶陽中超能源化工有限公司) from 2022 to 2024. Ms. Xu has successively founded Beijing Kete New Energy Co., Ltd.* (北京科天新能源有限公司) and Huiguo Energy Technology Co., Ltd.* (匯國能源科技有限公司) in March 2023 and May 2025, respectively, and has been serving as the chairman of the board of directors of both companies. Ms Xu obtained a bachelor's degree in international finance from the Central University of Finance and Economics in July 2006.

Non-executive Director

Mr. Lui Chun Pong (呂振邦先生) ("Mr. Lui"), aged 57, is a non-executive director of the Company and was appointed on 1 September 2025.

Mr. Lui has 30 years of experience in finance and property industry. Mr. Lui held senior positions at a number of Hong Kong companies listed on the Stock Exchange. Mr. Lui currently is a non-executive director of SILKWAVE INC (stock code: 471), listed on the Main Board of the Stock Exchange, and China Ocean Group Development Limited (stock code: 8047), listed on the GEM Board of the Stock Exchange.

Mr. Lui also serves the community through his participation in promoting sports and youth and student's affairs in Hong Kong. Mr. Lui is a director of Hong Kong Baseball Association and a member of Student Affairs Sub-committee of the Association of Chartered Certified Accountants. Mr. Lui was a director of Hong Kong United Youth Association in 2014/2015 and a member of the Budget Proposal 2017-18 Subcommittee of the Hong Kong Institute of Certified Public Accountants.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Non-executive Director (CONTINUED)

Mr. Lui obtained a Bachelor of Arts degree from the University of Hong Kong, a Master of Laws degree from the Chinese University of Hong Kong, a Master of Accountancy degree from Charles Sturt University in Australia and an Executive Master of Business Administration degree from the City University of Hong Kong. Mr. Lui is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Taxation Institute of Hong Kong. He is also an associate member of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.

Independent Non-executive Directors

Mr. Wei Yi (韋禕先生) ("Mr. Wei"), aged 48, was appointed as our independent non-executive Director on 22 October 2022. Mr. Wei is primarily responsible for providing independent judgment on the strategies, policies, performance, accountability, resources, key appointments and standard of conduct of our Group. Mr. Wei Yi is also a member of the Audit Committee, Remuneration Committee, Risk Management Committee and ESG Committee.

Mr. Wei has over 21 years of experience in the legal industry. From July 2003 to July 2016, he worked successively as a lecturer and an associate professor at the Law School of Tianjin Normal University (天津師範大學) in the PRC, where he was responsible for teaching and research of laws. From 2008 to 2016, he worked as a part-time lawyer at Grandall Law Firm Tianjin Office (國浩律師(天津)事務所), where he has been serving successively as a partner and a managing partner since 2016 and 2019, respectively. His practice areas cover capital markets, banking and finance, investment, mergers and acquisitions. His main expertise includes asset securitisation and structured finance.

Mr. Wei was a supervisor of Tianjin Falian Education Information Consulting Co., Ltd.* (天津法聯教育信息諮詢有限公司), a company established in the PRC and whose business license was revoked on 26 November 2013.

Mr. Wei obtained his bachelor's degree in economic law from Zhongnan Institute of Politics and Law (中南政法學院) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) in the PRC in June 1999. He later obtained a master's degree and a doctoral degree in civil and commercial law from Zhongnan University of Economics and Law in June 2003 and June 2009, respectively.

Mr. Wei received the PRC Certificate of Lawyer Qualification granted by Tianjin Municipal Bureau of Justice (天津市司法局) in October 2008. He was conferred the title of lecturer by the Faculty Position Review Committee of Tianjin Normal University (天津師範大學教師職務評審委員會) in October 2005, and obtained the Qualification for Intermediate Professional and Technical Positions (中級專業技術職務任職資格) issued by Tianjin Municipal Human Resources Bureau in March 2006. He was then conferred the title of associate professor by the Faculty Senior Position Review Committee of Tianjin Normal University (天津師範大學教師高級職務評審委員會) in October 2010, and obtained the Qualification Certificate for Senior Professional and Technical Positions (高級專業技術職務資格證書) issued by Tianjin Municipal Human Resources and Social Security Bureau in June 2011. He also obtained the qualification certification of independent directors (獨立董事資格證書) from the Shenzhen Stock Exchange in January 2015. He has been appointed as an arbitrator of Tianjin Arbitration Commission (天津仲裁委員會) since June 2019. Mr. Wei has also been appointed as an independent director of Tianjin Yiyi Sanitary Products Co., Ltd.* (天津市依依衛生用品股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: SZ001206), since July 2025.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Independent Non-executive Directors (CONTINUED)

Mr. Tian Qiang (田强先生) (“Mr. Tian”), aged 39, was appointed as our independent non-executive Director on 22 October 2022. Mr. Tian is primarily responsible for providing independent judgment on the strategies, policies, performance, accountability, resources, key appointments and standard of conduct of our Group. Mr. Tian Qiang is the chairman of the Remuneration Committee, and a member of the Audit Committee, Nomination Committee and ESG Committee.

Mr. Tian has over thirteen years of experience in business management and operations. Since August 2011, he has been serving as the general manager in Qingdao Jiaoping Foods Co., Ltd.* (青島膠平食品有限公司), where he is primarily responsible for the daily operation and management of the company. Since April 2016, he has been serving as the executive director, general manager and legal representative in Qingdao Guomengyuan Food Co., Ltd.* (青島果夢緣食品有限公司), where he is primarily responsible for the overall leadership, management and supervision of the company and its business. Since May 2016, he has been serving as the executive director, legal representative and supply chain director in Qingdao Shilida Foods Co., Ltd.* (青島食利達食品有限公司), where he is primarily responsible for the procurement of raw and auxiliary materials and supplier management as well as the daily management of the factory. Since December 2017, he has been serving as the supervisor in Qingdao Haofengjinting Trading Co., Ltd.* (青島浩豐金霆貿易有限公司), where he is primarily responsible for the overall supervision of the company. Since April 2020, he has been serving as the general manager and supervisor in Qingdao Jiaoping Agricultural Product Co., Ltd.* (青島膠平農產有限公司), where he is primarily responsible for the daily operation and management as well as the overall supervision of the company. Mr. Tian has also been serving as the general manager and head of research and development in Qingdao Jiaoping Seed Industry Co., Ltd.* (青島膠平種業有限公司) since July 2020, where he is primarily responsible for the company’s research and development of new plant varieties.

Mr. Tian obtained a master of commerce degree in finance from The University of New South Wales in Australia in August 2011. Mr. Tian received the certificate of financial planner (理財規劃師) issued by the Occupational Skill Testing Authority Ministry of Human Resources and Social Security (人力資源和社會保障部職業技能鑒定中心) in April 2015.

Ms. Liu Xiaoye (劉霄曄女士) (“M. Liu”), aged 34, was appointed as our independent non-executive Director on 22 October 2022. Ms. Liu is primarily responsible for providing independent judgment on the strategies, policies, performance, accountability, resources, key appointments and standard of conduct of our Group. Ms. Liu Xiaoye is the chairlady of the Audit Committee and Risk Management Committee, and a member of the Nomination Committee.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Independent Non-executive Directors (CONTINUED)

Ms. Liu has over ten years of experience in the accounting and tax-related legal industry. From October 2014 to June 2017, she worked in PricewaterhouseCoopers Business Consulting (Shanghai) Co., Limited Qingdao Branch (普華永道商務諮詢(上海)有限公司青島分公司). From July 2017 to January 2019, she served as an assistant manager of audit business department in Ruihua Certified Public Accountants (Special General Partnership) Qingdao Branch (瑞華會計師事務所(特殊普通合夥)青島分所). From January 2019 to November 2019, she worked as a trainee solicitor in Zhong Lun Law Firm (Qingdao Office) (北京市中倫(青島)律師事務所). Since November 2019, she has been the deputy general manager in Tuowei (Shanghai) Tax Agent Co., Limited* (拓韋(上海)稅務師事務所有限公司), a company engaging in the provision of tax and financial consulting services, where she is responsible for (i) the operational management of the company's daily affairs and is also put in charge of the human resources, administrative business and legal affairs of the company; and (ii) providing clients with tax consulting, tax compliance and tax due diligence services, etc. She has gained extensive experience in accounting tax-related legal services and financial management consulting services.

Ms. Liu obtained her bachelor's degree in accounting from Ocean University of China (中國海洋大學) in the PRC in June 2013. She later obtained a master's degree in accounting and finance from University of Bath in the United Kingdom in November 2014.

Ms. Liu received the Certificate For Passing All The Required Subjects Of The National Uniform CPA Examination (註冊會計師全國統一考試全科合格證) issued by the Certified Public Accountant Examination Committee of the Ministry of Finance, PRC in December 2015. She also passed the National Accounting Professional and Technical Intermediate Qualification Examination (全國會計專業技術中級資格考試) in 2017. She received the Certificate of Tax Adviser (稅務師證) issued by the China Certified Tax Agents Association (中國註冊稅務師協會) in November 2018 and the Legal Profession Qualification Certificate (法律職業資格證書) of the PRC issued by the Ministry of Justice of the PRC in March 2019.

SENIOR MANAGEMENT

For details of Mr. Luan Xiaolong (樂小龍先生) (with former name as Luan Xiaolong (樂曉龍)), please refer to the above paragraph headed "Executive Directors".

Mr. Wang Peng (王鵬先生) ("Mr Wang"), aged 44, was appointed as the general manager of our Group on 16 August 2021. Mr. Wang is primarily responsible for the daily management and supervision of our Group. Mr. Wang joined our Group in January 2018. Since January 2018, he has been the deputy manager of Jiaoyun Gas and is mainly responsible for the daily management of Jiaoyun Gas. Mr. Wang has over 15 years of experience in finance and accounting industry. From May 2008 to April 2016, he held various positions in Industrial Bank Co., Ltd. Weifang Branch (興業銀行股份有限公司濰坊分行) (a company listed on the Shanghai Stock Exchange, stock code: 601166), including (i) as a member of the preparation team from May to October 2008; (ii) as head of retail business department from October 2008 to May 2012; (iii) as the controller of Gaomi business department from May 2012 to May 2013; (iv) as the president of Gaomi Sub-Branch from May 2013 to April 2015; and (v) as the president of Shouguang Sub-Branch from April 2015 to April 2016. From April 2016 to January 2018, he served as the assistant to the president in Industrial Bank Co., Ltd. Linyi Branch (興業銀行股份有限公司臨沂分行). Mr. Wang later joined Jiaoyun Group in January 2018 and since then, he has been the deputy general manager of Jiaoyun Group and is mainly responsible for the daily management and supervision of Jiaoyun Group and its related business, and is also in charge of the daily management and supervision of Jiaoyun Gas.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

SENIOR MANAGEMENT (CONTINUED)

Mr. Wang obtained his bachelor's degree in finance from Shandong University of Finance (山東財政學院) (which was later merged with Shandong Economic University (山東經濟學院) and currently known as Shandong University of Finance and Economics (山東財經大學) on 4 July 2011) in the PRC in July 2003.

Mr. Du Chaolei (杜超雷先生) ("Mr Du"), aged 37, was appointed as the financial controller of our Group on 16 August 2021. Mr. Du is primarily responsible for financial management of our Group. Mr. Du joined our Group in January 2018. Since January 2018, he has been the deputy manager of Jiaoyun Gas and is mainly responsible for overseeing the financial management of Jiaoyun Gas.

Mr. Du has over eleven years of experience in the accounting industry. From August 2012 to December 2017, he worked in various positions in Hexin Certified Public Accountants LLP (Special General Partnership) Jinan Branch (和信會計師事務所(特殊普通合夥)濟南分所), including (i) as senior auditor from August 2012 to August 2015; (ii) as project manager from August 2015 to August 2016; and (iii) as senior project manager from August 2016 to December 2017. He then joined Jiaoyun Group in January 2018 and since then, he has been serving as the financial controller of Jiaoyun Group, and is in charge of the financial management of Jiaoyun Gas. Mr. Du obtained his bachelor's degree in accounting from Lanzhou Jiaotong University (蘭州交通大學) in the PRC in June 2012.

Mr. Li Hong (李宏先生), aged 54 ("Mr. Li"), was appointed as the operations manager of our Group on 16 August 2021. Mr. Li is primarily responsible for operations management of our Group.

Mr. Li joined our Group in November 2010. From November 2010 to December 2015, he served as the chief of office of Jiaoyun Gas. Since January 2016, he has been the deputy manager of Jiaoyun Gas and is mainly responsible for the business operations of Jiaoyun Gas. Prior to joining our Group, Mr. Li has over ten years of experience in the management of automobile transportation enterprises. From March 2000 to October 2010, he worked successively as the assistant to the factory manager and the deputy factory manager in Shandong Gaomi Car Transport Co., Ltd. Repair Factory* (山東高密市交運汽車運輸有限公司修理廠), a company engaging in the provision of automobile repair and maintenance services, where he was mainly responsible for the management of automobile repair and maintenance business.

Mr. Li Wanmin (李萬敏先生), aged 56 ("Mr. Li"), was appointed as the safety manager of our Group on 16 August 2021. Mr. Li is primarily responsible for business security management and inspection of our Group.

Mr. Li joined our Group in July 2003. He joined Jiaoyun Gas in July 2003, taking charge of gas safety and inspection work and he worked as the deputy chief of the safety inspection department of Jiaoyun Gas in January 2009, and then he was promoted to serve as the chief of the safety inspection department of Jiaoyun Gas in January 2013. Since January 2016, he has been the deputy manager of Jiaoyun Gas and is mainly responsible for the business safety management and inspection of Jiaoyun Gas.

Prior to joining our Group, Mr. Li has over 15 years of experience in the passenger transportation industry. From January 1988 to February 1994, he worked at the Eleventh Team of Weifang Automobile Transportation Corporation* (濰坊汽車運輸公司十一隊), where he was mainly responsible for the maintenance of automobiles. From March 1994 to June 2003, he worked as the team leader of passenger transportation in Jiaoyun Car Transport, where he was mainly responsible for the operation of passenger transportation lines for towns and villages.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

SENIOR MANAGEMENT (CONTINUED)

Ms. Gao Yan (高燕女士), aged 47, was appointed as the integration manager of our Group on 16 August 2021. Ms. Gao is primarily responsible for the management of the administrative affairs of our Group.

Ms. Gao joined our Group in July 2004. Since July 2004, she has been responsible for the administrative affairs of Jiaoyun Gas, and was promoted to serve as the deputy manager of Jiaoyun Gas in January 2018 and is mainly responsible for the management of the administrative affairs of Jiaoyun Gas. Prior to joining our Group, Ms. Gao has over five years of experience in the administrative management field. From September 1998 to June 2004, she worked as the deputy chief of office in Shandong Tianda Biological Co., Ltd.* (山東天達生物股份有限公司), a company engaging in the production and sale of agricultural fertiliser and biotechnological products, where she was mainly responsible for office works.

Ms. Gao obtained a diploma in human resources management by attending online courses from Dongbei University of Finance & Economics (東北財經大學) in the PRC on 1 January 2020.



DIRECTORS' REPORT

The Board presents this report with the audited financial statements of the Group for the financial year ended 31 December 2025.

CORPORATE INFORMATION AND LISTING

The Company was incorporated in the Cayman Islands on 9 March 2021 as an exempted company with limited liability under the Companies Act (Cap.22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The Company's Shares were listed on the Main Board of the Stock Exchange on 16 November 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the sale of natural gas, mainly PNG, CNG and LNG, the provision of construction and installation services and the sale of gas-burning appliances in Gaomi City, Shandong Province. Details of the principal activities of the Company's subsidiaries are set out in note 35 to the consolidated financial statements in this report.

BUSINESS REVIEW AND FUTURE DEVELOPMENT

A review of the Group's business during the year ended 31 December 2025, which includes an analysis of the Company's performance using financial key performance indicators, a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Company during the year, and an indication of likely future developments in the Company's business, are set out in the section headed "Management Discussion and Analysis" in this report. Discussions on the Group's environmental policies and performance, the Group's compliance with the relevant laws and regulations that have a significant impact on the Group and the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends are set out in the "Environmental, Social and Governance Report" of the Company for the year ended 31 December 2025, published at the same time as the publication of this report in accordance with the Listing Rules. The Group's financial risk management objectives and policies are set out in note 3 to the consolidated financial statements in this report. There is no subsequent event after the Reporting Period which has material impact to the Group. These discussions form part of this directors' report.

DIRECTORS' REPORT (CONTINUED)

USE OF NET PROCEEDS FROM THE LISTING

Further details of the breakdown and description of the proceeds are set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus and the section headed "Management Discussion and Analysis" in this report. As at the date of this report, the Directors were not aware of any material change to the planned use of proceeds. It is currently expected that the unutilised net proceeds will be applied according to the purposes, allocations and timetable mentioned in the section headed "Management Discussion and Analysis" in this report.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Directors are aware, during the Reporting Period and up to the date of this report, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on its business and operations.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

CONSOLIDATED FINANCIAL STATEMENTS

The Group's profit for the year ended 31 December 2025 and the Group's financial position at that date are set out in the Group's audited financial statements on pages 63 to 148 of this report.

DIVIDENDS

At the meeting of the Board held on 26 March 2026, the Board has resolved to recommend a final dividend of HK\$0.011 per ordinary share of the Company for the year ended 31 December 2025 out of the Company's share premium account (2024: HK\$0.037 per ordinary share). Subject to the approval of Shareholders at the AGM, the proposed final dividend will be paid to Shareholders whose names appear on the register of members of the Company on Tuesday, 14 July 2026. The record date for determining the entitlement to the proposed final dividend is Tuesday, 14 July 2026.

The proposed final dividend is expected to be paid by cash on or before Wednesday, 5 August 2026. Further details of the dividend payment will be announced after the conclusion of the AGM. As at the date of this report, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

MATERIAL LITIGATION AND ARBITRATION

For the year ended 31 December 2025 and up to the date of this report, the Company was not involved in any litigation, arbitration or claims of material importance and there was no litigation or claim of material importance which was known to the Directors to be pending or threatened by or against the Company.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 24 to the consolidated financial statements in this report.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2025 are set out in note 33 to the consolidated financial statements in this report and in the consolidated statement of changes in equity, respectively. As at 31 December 2025, the Company's reserves available for distribution as dividends, calculated in accordance with the relevant rules and regulations, amounted to approximately RMB210.7 million.

FINANCIAL SUMMARY

A summary of the consolidated results and of the consolidated assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 149 of this report. This summary does not form part of the audited financial statements.

DONATIONS

During the year ended 31 December 2025, the Group did not make any charitable and other donations.

PROPERTY, PLANT AND EQUIPMENT

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

DIRECTORS' REPORT (CONTINUED)

BANK AND OTHER BORROWINGS

Details of the Group's bank and other borrowings are set out in the section headed "Management Discussion and Analysis" in this report and in note 27 to the consolidated financial statements in this report.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 35 to the consolidated financial statements in this report.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, there were no material subsequent events after the Reporting Period.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

The Group did not have any significant investment or material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2025. Save as disclosed in this report, as at the date of this report, the Group did not have any future plans for material investments or capital assets approved by the Board.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, purchases from the Group's five largest suppliers accounted for approximately 98% of the Group's total purchases and purchases from the Group's largest supplier amounted to approximately 64% of the Group's total purchases.

For the year ended 31 December 2025, sales to the Group's five largest customers accounted for less than 30% of the Group's total turnover.

Save as disclosed in note 32 to the consolidated financial statements in this report, to the best knowledge of the Directors, none of the Directors or their close associates, or any Shareholder owning more than 5% of the Company's share capital, had any interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

The Directors in office during the year ended 31 December 2025 and up to the date of this report are as follows:

Chairman and executive Director

Mr. Luan Linjiang
(resigned with effect from 1 September 2025)
Mr. Luan Xiaolong (Chief Executive Officer)
(appointed as Chairman with effect from 1 September 2025)

Executive Directors

Mr. Luan Linxin
Ms. Xu Huanxia
(appointed with effect from 1 September 2025)

Non-executive Director

Mr. Lui Chun Pong
(appointed with effect from 1 September 2025)

Independent non-executive Directors

Mr. Wei Yi
Mr. Tian Qiang
Ms. Liu Xiaoye

Pursuant to article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the first AGM of the Company after his appointment and shall then be eligible for re-election. In accordance with articles 83(3) of the Articles of Association, Ms. Xu Huanxia, being executive Director, and Mr. Lui Chun Pong, being non-executive Director, will retire from their office at the AGM, and being eligible, offer themselves for re-election.

Pursuant to article 84 of the Articles of Association, at each AGM one third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS (CONTINUED)

In accordance with articles 84(1) and 84(2) of the Articles of Association, Mr. Luan Xiaolong, Ms. Xu Huanxia, Mr. Lui Chun Pong, and Mr. Wei Yi, will retire from their office at the AGM, and being eligible, offer themselves for re-election.

The Company has received from each of the independent non-executive Directors, an annual written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. Based on such information, the Company considers the independent non-executive Directors to be independent.

ANNUAL GENERAL MEETING ("2026 AGM")

The 2026 AGM will be held on Wednesday, 17 June 2026. Notice of the 2026 AGM has been published and issued to the Shareholders on the websites of the Company and the Stock Exchange.

CLOSURE OF THE REGISTER OF MEMBERS

For the purposes of determining the eligibility of the Company's shareholders to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Friday, 12 June 2026 to Wednesday, 17 June 2026 (both days inclusive), during which period no transfer of Shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Thursday, 11 June 2026, for registration. The record date for determining the eligibility of Shareholders who are entitled to attend and vote at the 2026 AGM is Wednesday, 17 June 2026.

For the purposes of determining the entitlement of the Company's shareholders to the proposed Final Dividend, the register of members of the Company will be closed from Friday, 10 July 2026 to Tuesday, 14 July 2026 (both days inclusive), during which no transfer of Shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Thursday, 9 July 2026, for registration. The record date for determining the entitlement to the proposed final dividend is Tuesday, 14 July 2026.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 14 to 20 of this report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Luan Xiaolong and Mr. Luan Linxin as the executive Directors has entered into a service contract or supplemental service contract with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Ms. Xu Huanxia as the executive Director has entered into a service agreement with the Company for an initial term of one year commencing from 1 September 2025, and shall continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

Our executive Directors' service contracts are also subject to termination in certain circumstances as stipulated in the relevant service agreement. In certain other circumstances, the service contract can also be terminated by us, including but not limited to certain breaches of our Directors' obligations under the contract or certain misconducts. The appointments of our executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles of Association. The salary of each executive Director after each financial year is subject to adjustment as determined by the Remuneration Committee and approved by a majority of the members of our Board (excluding the Director whose salary is under review).

Mr. Lui Chun Pong as non-executive Directors has entered into a letter of appointment with our Company for an initial term of one year commencing from 1 September 2025, and shall continue thereafter until terminated by not less than one month's notice in writing served by either party on the other. The appointments of the non-executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Each of Mr. Wei Yi, Mr. Tian Qiang and Ms. Liu Xiaoye as independent non-executive Directors has entered into a letter of appointment with our Company for a period of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant letter of appointment). The appointments of the independent non-executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors has any existing or proposed service contract with any member of the Group that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2025.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors or any of their respective associates was considered to be interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

All Directors are entitled to a fee as approved by the Board with reference to the prevailing market conditions. Executive Directors are entitled to fees, salaries, housing benefits, contributions to pension schemes, social insurance and bonuses, which are determined by the Board having regard to the Group's performance and the prevailing market conditions and recommended by the Remuneration Committee. Details of Directors' emoluments and emoluments of the five highest paid individuals of the Group are set out in note 33 and note 9(a) to the consolidated financial statements in this report.

During the year ended 31 December 2025, the Group did not pay any emoluments to any of the Directors or the five highest paid individuals of the Group as an inducement to join the Group, or upon joining the Group, or as compensation for loss of office.

During the year ended 31 December 2025, there was no arrangement under which a Director waived or agreed to waive any emoluments.

CHANGE IN DIRECTORS' INFORMATION

Since the 2025 Interim Report of the Company and up to the date of this report, there has been no disclosable change in information of the Directors and chief executive of the Company pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, our Group engaged in certain transactions with the following persons that constituted continuing connected transactions under the Listing Rules:

Connected Person	Connected Relationship
Mr. Luan Xiaolong	Our Controlling Shareholder, executive Director and chief executive officer. Hence, Mr. Luan Xiaolong is our connected person of the Company.
Mr. Luan Linjiang	An executive Director and chairman of the Board who resigned on 1 September 2025. As he has been a Director in the last 12 months, Mr. Luan Linjiang is a connected person of the Company. He is also the father of Mr. Luan Xiaolong.
Gaomi Jiaoyun Market Co., Ltd.* (高密市交運市場有限公司) ("Jiaoyun Market")	Jiaoyun Market, a company established in the PRC with limited liability, is principally engaged in the operation and management of the Gaomi City Jiaoyun (高密市交運市場) and provision of rental and property management services in the PRC. It is directly held as to 99% by Mr. Luan Linjiang and 1% by Mr. Luan Xiaolong, therefore, it is an associate of Mr. Luan Linjiang and Mr. Luan Xiaolong and hence a connected person of the Company.
Jiaoyun Property	Jiaoyun Property, a company established in the PRC with limited liability, is principally engaged in real estate development in the PRC. It is directly held as to approximately 99.98% by Mr. Luan Linjiang and approximately 0.02% by Mr. Luan Xiaolong, therefore, it is an associate of Mr. Luan Linjiang and Mr. Luan Xiaolong and hence a connected person of the Company.
Shandong Shihua Natural Gas Co., Ltd.* (山東實華天然氣有限公司) ("Shandong Shihua")	Shandong Shihua, a company established in the PRC with limited liability, is principally engaged in the sale of natural gas in the PRC. It is a substantial shareholder of our subsidiary, Jiaoyun Shihua, and hence a connected person of our Company at the subsidiary level by virtue of its 30% equity interest in our subsidiary.

DIRECTORS' REPORT (CONTINUED)

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

1. Jiaoyun Market Tenancy Agreement

As disclosed in the announcement of the Company dated 31 December 2024, Jiaoyun Gas and Jiaoyun Market entered into a tenancy agreement dated 31 December 2024 ("**Renewed Jiaoyun Market Tenancy Agreement**"), to renew the leasing of the Jiaoyun Market Properties for a two-year term commencing from 1 January 2025 to 31 December 2026. The Directors estimate that the maximum annual rent (including value-added tax) payable by Jiaoyun Market to Jiaoyun Gas in relation to the Renewed Jiaoyun Market Tenancy Agreement for each of the years ending 31 December 2025 and 2026 will not exceed RMB3,900,000 (including value-added tax).

Further details of each transaction under the Renewed Jiaoyun Market Tenancy Agreement, including historical transaction amounts, pricing policy and annual caps, please refer to the announcement of the Company dated 31 December 2024.

For the year ended 31 December 2025, the total amount of rent (including value-added tax) payable by Jiaoyun Market under the Renewed Jiaoyun Market Tenancy Agreement is RMB3,900,000 (including value-added tax), which did not exceed the annual cap of RMB3,900,000 (including value-added tax) for the year ended 31 December 2025.

2. Subcontracting Framework Agreement

As disclosed in the announcements of the Company dated 10 September 2024 and 26 September 2024, on 10 September 2024, Jiaoyun Gas (a subsidiary of our Company) entered into a subcontracting framework agreement (the "**Subcontracting Framework Agreement**") with Jiaoyun Property, pursuant to which Jiaoyun Gas engaged Jiaoyun Property as its subcontractor to provide construction workers to carry out certain natural gas supply facilities installation and gas meter replacement works to customers (the "**Subcontracting Work**"), for a term commencing from 1 January 2024 to 31 December 2025. With respect to each natural gas supply facilities installation project or work, Jiaoyun Gas will, based on its actual operational needs, further enter into an individual agreement with Jiaoyun Property that prescribes the specific terms and conditions of each project or work.

Further details of each transaction under the Subcontracting Framework Agreement, including historical transaction amounts, pricing policy and annual caps, please refer to the announcements of the Company dated 10 September 2024 and 26 September 2024.

For the year ended 31 December 2025, the total amount of the annual fee (including value-added tax) payable by our Group under the Subcontracting Framework Agreement is RMB994,000 (including value-added tax), which did not exceed the annual cap of RMB4,240,000 (including value-added tax) for the year ended 31 December 2025.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

3. Natural Gas Sale and Purchase Agreements

As disclosed in the Prospectus, on 1 April 2020, Jiaoyun Gas (a subsidiary of our Company) entered into a natural gas sale and purchase agreement (the "**Master Natural Gas Sale and Purchase Agreement**") with Shandong Shihua, pursuant to which Shandong Shihua agreed to supply PNG to Jiaoyun Gas for a term commencing from 1 April 2020 to 31 December 2025, which may be terminated by either party in the event of a material breach or the other party's failing to perform its obligations under the agreement and with 30 days' prior written notice. Jiaoyun Gas also entered into supplemental agreements (the "**Supplemental Agreements**", together with the Master Natural Gas Sale and Purchase Agreement, the "**Natural Gas Sale and Purchase Agreements**") annually with Shandong Shihua to prescribe the supply amount and price of PNG in accordance with the benchmark gate price for each year. For details, please refer to the "Business – Procurement of PNG" section of the Prospectus.

Further details of each transaction under the Natural Gas Sale and Purchase Agreements, including historical transaction amounts, pricing policy and annual caps set are set out in the "Connected Transactions" section of the Prospectus.

For the year ended 31 December 2025, the total amount of the annual fee (including value-added tax) payable by our Group under the Natural Gas Sale and Purchase Agreements was RMB175,825,000 (including value-added tax), which did not exceed the annual cap of RMB230,443,000 (including value-added tax) for the year ended 31 December 2025.

DIRECTORS' REPORT (CONTINUED)

REVIEW AND APPROVAL OF CONTINUING CONNECTED TRANSACTIONS BY INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company have reviewed the continuing connected transactions and have confirmed that such continuing connected transactions were:

- a) entered into in the ordinary and usual course of business of the Group;
- b) conducted on normal commercial terms or better terms; and
- c) carried out pursuant to the agreements of the relevant transactions, the terms of which are fair and reasonable, and in the interests of the Shareholders and the Company as a whole.

For the continuing connected transactions set out above for the year ended 31 December 2025, the Group has followed its pricing policies as set out in the Prospectus and/or the relevant announcement(s) of the Company when determining the price and terms of such continuing connected transactions.

REVIEW AND APPROVAL OF CONTINUING CONNECTED TRANSACTIONS BY THE AUDITOR

The Company's auditor has been engaged to report on the Group's continuing connected transactions for the Year in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued an unqualified letter to the Board containing its findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group undertaken in the normal course of business are set out in note 32 to the consolidated financial statements in this report. Save for the continuing connected transactions disclosed above, none of these related party transactions are required to be disclosed under Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Except as disclosed in note 32 to the consolidated financial statements in this report and the sub-section headed "Continuing Connected Transactions" above, none of the Directors or entities connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party during the year ended 31 December 2025, nor has any contract of significance been entered into between the Company or any of its subsidiaries and a Controlling Shareholder or any of its subsidiaries, or for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries, during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group or existed during the year ended 31 December 2025.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2025 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, the Company's holding companies or any of the Company's subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had 151 employees. The Company has established the Remuneration Committee for reviewing the Group's remuneration policy and the remuneration structure of the Directors and senior management of the Group taking into consideration the Group's operating results, individual performance of each of the Directors and senior management and comparable market practices.

The remuneration package of our employees includes basic salary, performance salary and allowances. We generally determine employee remuneration based on factors such as qualifications, positions and years of experience. We must comply with PRC laws and regulations relating to social welfare. In accordance with the applicable PRC regulations, we currently participate in a social insurance contribution plan organised by the relevant local government. We currently provide employees with a pension insurance program, medical insurance program, unemployment insurance program, individual work injury program, maternity insurance contributions and employee public housing reserve contributions and other welfare benefit.

RETIREMENT BENEFITS PLAN

Details of the retirement benefits plan of the Group for the year ended 31 December 2025 are set out in note 2.20 to the consolidated financial statements in this report.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures (the “**Debentures**”) of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code in Appendix C3 to the Listing Rules were as follows:

Interests in Shares and underlying Shares

Name of Director or chief executive	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital ⁽¹⁾
Mr. Luan Xiaolong	Interest in a controlled corporation ⁽³⁾	217,800,000 (L) ⁽²⁾	49.50%
Ms. Xu Huanxia	Interest in a controlled corporation ⁽⁴⁾	110,000,000(L) ⁽²⁾	25.00%

Note:

1. The approximate percentage of the interest in the Company's issued share capital is based on a total of 440,000,000 Shares of the Company in issue as at 31 December 2025.
2. The letter “L” denotes the person's long position in the shares.
3. SEGM Holding is wholly-owned by SDJY Holding, which is in turn wholly-owned by Mr. Luan Xiaolong. Therefore, by virtue of the SFO, both SDJY Holding and Mr. Luan Xiaolong are deemed to be interested in 33,000,000 Shares held by SEGM Holding. LXL Phoenix is wholly-owned by Mr. Luan Xiaolong. Under the SFO, Mr. Luan Xiaolong is deemed to be interested in 184,800,000 Shares held by LXL Phoenix. Mr Luan Xiaolong is deemed, or taken to be interested, in all the Shares held by LXL Phoenix and SEGM Holding (through SDJY Holding) for the purpose of the SFO.
4. Huiguo Energy Technology Limited (“**Huiguo Energy**”), with 99% of its shareholding held by Ms. Xu Huanxia.

Under the SFO, Ms. Xu Huanxia is deemed to be interested in 110,000,000 Shares in the Company held by Huiguo Energy.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES (CONTINUED)

Interests in Shares and underlying Shares (CONTINUED)

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in any Shares, underlying Shares and Debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under the provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any Directors or chief executive of the Company, as at 31 December 2025, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the Shares

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital ⁽⁷⁾
Mr. Luan Xiaolong ^{(1), (2), (3)}	Interest in a controlled corporation	217,800,000 (L) ⁽⁶⁾	49.50%
LXL Phoenix ⁽¹⁾	Beneficial owner	184,800,000 (L) ⁽⁶⁾	42.00%
SDJY Holding ⁽²⁾	Interest in a controlled corporation	33,000,000 (L) ⁽⁶⁾	7.50%
SEGM Holding ⁽²⁾	Beneficial owner	33,000,000 (L) ⁽⁶⁾	7.50%
Zhou Zhan ("Ms. Zhou") ⁽³⁾	Interest of spouse	217,800,000 (L) ⁽⁶⁾	49.50%
Huiguo Energy ⁽⁴⁾	Beneficial owner	110,000,000(L) ⁽⁶⁾	25.00%
Xu Huanxia ⁽⁴⁾	Interest in a controlled corporation	110,000,000(L) ⁽⁶⁾	25.00%
Ample Cheer Limited ⁽⁵⁾	Interest in a controlled corporation	327,800,000 (L) ⁽⁶⁾	74.50%
Kingston Finance Limited ⁽⁵⁾	Person having a security interest in shares	327,800,000 (L) ⁽⁶⁾	74.50%
Chu Yuet Wah ⁽⁵⁾	Interest of corporation controlled by you	327,800,000 (L) ⁽⁶⁾	74.50%

DIRECTORS' REPORT (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY (CONTINUED)

Long positions in the Shares (CONTINUED)

Notes:

1. LXL Phoenix is wholly-owned by Mr. Luan Xiaolong. Therefore, LXL Phoenix is a controlled corporation of Mr. Luan Xiaolong and Mr. Luan Xiaolong is deemed to be interested in the same number of Shares that LXL Phoenix is interested in under the SFO.
2. SEGM Holding is wholly-owned by SDJY Holding, which is in turn wholly-owned by Mr. Luan Xiaolong. Therefore, by virtue of the SFO, both SDJY Holding and Mr. Luan Xiaolong are deemed to be interested in the same number of Shares held by SEGM Holding.
3. Ms. Zhou is the spouse of Mr. Luan Xiaolong. Under the SFO, Ms. Zhou is deemed to be interested in the same number of Shares in which Mr. Luan Xiaolong is interested.
4. Huiguo Energy Technology Limited ("**Huiguo Energy**") with 99% of its shareholding held by Ms. Xu Huanxia.

Therefore, Ms. Xu Huanxia is deemed to be interested in the same number of Shares that held by Huiguo Energy is interested in under the SFO.
5. Kingston Finance Limited is wholly owned by Ample Cheer Limited, which is in turn wholly owned by Ms. Chu Yuet Wah. Therefore, Ms. Chu is deemed to be interested in the same number of Shares that held by Kingston Finance Limited is interested in under the SFO.
6. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
7. The approximate percentage of the interest in the Company's issued share capital is based on a total of 440,000,000 Shares of the Company in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Company had not been notified of any entities/persons (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the company law of the Cayman Islands.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report at pages 38 to 57 of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the year ended 31 December 2025. As at 31 December 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

PUBLIC FLOAT AND SHARE CAPITAL

Rule 13.32B(1) of the Listing Rules requires that a portion of shares listed on the Stock Exchange and held by the public, must at all times represent at least 25% of an issuer's total number of issued shares in that class of shares (excluding treasury shares), or any lower minimum percentage of public float threshold prescribed at the time of listing under Rule 8.08(1) of the Listing Rules. As at 31 December 2025, based on information that is publicly available to the Company and within the knowledge of its Directors, 25.5% of the Company's total number of issued shares (excluding treasury shares) were held by the public. Accordingly, the Directors confirm that the Company had maintained the prescribed public float under the Listing Rules. Details of the Company's remaining ownership of its shares are set out under the paragraph headed "Substantial Shareholders' Interests in the Share Capital of the Company" in this report.

As at 31 December 2025, the Company had 440,000,000 issued ordinary shares. Details of the share capital of the Company for the year ended 31 December 2025 are set out in Note 24 to the consolidated financial statements in this report.

AUDITORS

PricewaterhouseCoopers resigned as auditor of the Company and BDO Limited was appointed as the auditor of the Company to fill the casual vacancy with effect from 22 November 2024. For the further details of change of auditor, please refer to the announcement of the Company dated 22 November 2024. Save as disclosed, there has been no other change of auditor in the past three years.

The consolidated financial statements for the year ended 31 December 2025 have been audited by BDO Limited which will retire, and, being eligible, offer themselves for re-appointment at the AGM. A resolution for the reappointment of BDO Limited as auditor of the Company is to be proposed at the AGM.

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Company for the year ended 31 December 2025, including the accounting principles and practices adopted by the Group, and discussed auditing, risk management and internal control systems and financial reporting matters with the management as well as reviewed the consolidated financial statements for the year ended 31 December 2025.

For and on behalf of the Board of Directors

Luan Xiaolong

Chairman, Chief Executive Officer and Executive Director
Hong Kong, 26 March 2026

CORPORATE GOVERNANCE REPORT

The Board of Directors are pleased to report to the Shareholders on the corporate governance of the Company during the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards. The Board believes that good corporate governance principles and practices should emphasise accountability and an increase in transparency which will enable the Group's stakeholders, including shareholders, investors, customers, suppliers, employees and the community to have trust and faith in the Group to take care of their needs, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions set out in the CG Code contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the CG Code (as amended from time to time) with the exception of Code Provisions C.1.7, C.2.1 and C.5.1 during the year ended 31 December 2025.

Pursuant to Code Provision C.1.7 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. The Company has not arranged any insurance cover in respect of any potential legal action against the Directors. Given the nature of the Company's business, the Directors believe that the likelihood of legal actions against the Directors is very slight, and the Company can still achieve adequate corporate governance through various management and monitoring mechanisms so as to reduce risk, including periodic reviews on the effectiveness of the Company's internal control system, clear division of duties and training for staff and management. The Board will review, on a regular basis, whether it is necessary to arrange insurance cover in respect of potential legal action against the Directors.

Pursuant to Code Provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, the Company do not have a separate chairman and chief executive officer and Mr. Luan Xiaolong currently assumed both roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and the three independent non-executive Directors. The Board will continue to review the effectiveness of the corporate governance structure of the Group and consider segregating the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Pursuant to Code Provision C.5.1 of the CG Code, Board meetings should be held at least four times a year at approximately quarterly intervals. During the Year, the Company convened only two regular Board meetings. The Company does not announce its quarterly results and hence does not consider the holding of quarterly meetings necessary. The significant matters related to the Group's business activities and operations had been appropriately addressed through due reporting from and discussions with the management of the Company, and written resolutions by the Board, or other communications with the Board members to facilitate prompt decision-making for commercial purposes.

Culture and Value

The Company commits to the promotion and application of low-carbon energy natural gas to improve the quality of life of residents and create a harmonious living environment. Integrity, responsibility, dedication and gratitude are the foundation of corporate development. It is on this basis that long-term trust and values can be achieved for the Company's customers as well as Shareholders. The Board is also committed towards the lawful, ethical and responsible operation of our business by monitoring and evaluating our corporate culture from time to time to provide a solid guarantee regarding the sustainable development of the Company, and drives partners to fulfill their compliance responsibilities with their own compliant operation, so as to create a healthy and honest operating environment. Adhering to the corporate strategy and long-term business model of delivering safe, stable and reliable natural gas supply to its customers and continuous upgrading and improvement of its operational infrastructure, the Company considers that its commitment to invest in its operations would support its performance in the long-term.

The Group has a whistle-blowing channel in place to support employees and other contacts, such as customers or suppliers, to anonymously raise their concerns with the Audit Committee about any possible improprieties. The Group also maintains a smooth channel for reporting anti-corruption complaints, against unfair competition.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for securities transactions conducted by the relevant Directors and relevant employees who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code during the year ended 31 December 2025. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the businesses, strategic decisions and performance of the Group and takes decisions objectively in the best interests of the Company.

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Directors are spending sufficient time performing such responsibilities.

BOARD COMPOSITION

On 1 September 2025, Mr. Luan Linjiang resigned as Chairman of the Board and executive Director, Mr. Luan Xiaolong became appointed as the Chairman of the Board, Ms. Xu Huanxia was appointed as an executive Director, and Mr. Lui Chun Pong was appointed as a non-executive Director.

As at the date of this report, the Board consists of seven Directors, including three executive Directors and three independent non-executive Directors as follows:

Chairman and executive Director

Mr. Luan Xiaolong¹

Executive Directors

Mr. Luan Linxin²
Ms. Xu Huanxia

Non-executive Director

Mr. Lui Chun Pong

Independent non-executive Directors

Mr. Wei Yi
Mr. Tian Qiang
Ms. Liu Xiaoye

¹Nephew of Luan Linxin

²Uncle of Luan Xiaolong

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 14 to 20 of this report.

Ms. Xu Huanxia and Mr. Lui Chun Pong have obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 25 August 2025 and 27 August 2025, respectively, and confirmed that he/she understands his/her responsibilities as a director of a listed company and the possible consequences of making a false statement or providing false information to the Stock Exchange.

Save as disclosed in this report, to the best knowledge of the Company, there has been no financial, business, family, or other material/relevant relationship(s) among the Directors.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD AND BOARD COMMITTEES MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

The Company has adopted the practice of holding Board meetings regularly. During the year ended 31 December 2025, the Board held two meetings, in addition to circulation of written resolutions.

Notice of not less than 14 days is given of all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. The agenda and accompanying board papers are despatched to the Directors or Board Committee members at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When Directors or Board Committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. The Directors may approve matters by way of passing written resolutions.

Board meetings and the Board Committee meetings are recorded in detail and include the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors within a reasonable time after the date on which the meeting is held so that they have an opportunity to request amendments. The minutes and written resolutions would be made available for inspection any time by the Directors.

A summary of the attendance records of the Directors at the Board meetings and the respective Board committees meetings held during the year ended 31 December 2025 is set out below:

Name of Directors	Attendance/Number of Meetings						
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee	ESG Committee	General Meeting
Mr. Luan Xiaolong	2/2	N/A	1/1	N/A	1/1	1/1	1/1
Mr. Luan Linjiang (resigned with effect from 1 September 2025)	2/2	N/A	N/A	1/1	N/A	1/1	1/1
Mr. Luan Linxin	2/2	N/A	N/A	N/A	N/A	N/A	1/1
Ms. Xu Huanxia (appointed with effect from 1 September 2025)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Lui Chun Pong (appointed with effect from 1 September 2025)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Wei Yi	2/2	2/2	1/1	N/A	1/1	1/1	1/1
Mr. Tian Qiang	2/2	2/2	1/1	1/1	N/A	1/1	1/1
Ms. Liu Xiaoye	2/2	2/2	N/A	1/1	1/1	N/A	1/1

During the Year, the Company convened only two regular Board meetings. The significant matters related to the Group's business activities and operations had been appropriately addressed through due reporting, discussions, and resolutions during the two regular Board meetings, or dealt with by written resolutions to facilitate prompt decision-making for commercial purposes. The Company would endeavour to arrange additional Board meetings as required in the future.

CORPORATE GOVERNANCE REPORT (CONTINUED)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The position of Chairman and chief executive officer is held by Mr. Luan Xiaolong. The Chairman is responsible for the overall direction, management and supervision of our Group. The chief executive officer is primarily responsible for the overall direction, management, supervision and development strategies of our Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2025, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10(A) of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her 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.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of Mr. Wei Yi, Mr. Tian Qiang and Ms. Liu Xiaoye as independent non-executive Directors has entered into a letter of appointment with our Company for a period of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant letter of appointment). The appointments of the independent non-executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Each of Mr. Luan Xiaolong and Mr. Luan Linxin as the executive Director has entered into a service contract or supplemental service contract with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Ms. Xu Huanxia as the executive Director has entered into a service agreement with the Company for an initial term of one year commencing from 1 September 2025, and shall continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

Our executive Directors' service contracts are also subject to termination in certain circumstances as stipulated in the relevant service agreement. In certain other circumstances, the service contract can also be terminated by us, including but not limited to certain breaches of our Directors' obligations under the contract or certain misconducts. The appointments of our executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles of Association. The salary of each executive Director after each financial year is subject to adjustment as determined by the Remuneration Committee and approved by a majority of the members of our Board (excluding the Director whose salary is under review).

CORPORATE GOVERNANCE REPORT (CONTINUED)

APPOINTMENT AND RE-ELECTION OF DIRECTORS (CONTINUED)

All the Directors are subject to retirement by rotation and re-election at the annual general meetings of the Company. Under the Articles of Association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Company's Articles of Association also provide that all Directors appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the first general meeting of members after his/her appointment and be subject to re-election at such meeting.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is the primary decision-making body of our Company, setting fundamental business strategies and policies for the management and operation of our business and monitoring their implementation.

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 executive Directors, non-executive Director 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 can bring independent judgment to the decision-making process of the Board.

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 Company has implemented different mechanisms to ensure independent views and input are available to the Board as mentioned under "INDEPENDENT NON-EXECUTIVE DIRECTORS" of the Corporate Governance Report. The Company has also established channels of communication to ensure that independent views and inputs are available to the Board including regularly holding meetings between the chairman and independent non-executive Directors; regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Directors are spending sufficient time performing such responsibilities; and no Director or member of senior management of the Company is involved in deciding his/her own remuneration in Remuneration Committee. The Articles of Association and the terms of reference of various board committees have set out a formal framework to ensure that the independent non-executive Directors remain independent and free to express their views, and their views are systematically considered by the Board. The implementation and effectiveness of the above mechanisms are reviewed on an annual basis. The Board considers that such mechanisms had been implemented properly and effectively in the year ended 31 December 2025.

The Directors shall disclose to the Company details of other offices held by them.

CORPORATE GOVERNANCE REPORT (CONTINUED)

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT (CONTINUED)

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, appointment of directors 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 management team.

Pursuant to Code Provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. The Company has not arranged any insurance cover in respect of any potential legal action against the Directors. Given the nature of the Company's business, the Directors believe that the likelihood of legal actions against the Directors is very slight, and the Company can still achieve adequate corporate governance through various management and monitoring mechanisms so as to reduce risk, including periodic reviews on the effectiveness of the Company's internal control system, clear division of duties and training for staff and management. The Board will review, on a regular basis, whether it is necessary to arrange insurance cover in respect of potential legal action against the Directors.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements upon commencement of their directorship in the Company.

To ensure that each Director has a better understanding of the Company's conduct and business activities to perform their responsibilities as a Director, the Company will arrange appropriate training, including arranging and funding suitable training and professional development programme for the Directors.

According to the records kept by the Company, all the Directors (a) attended seminars and/or trainings that are relevant to the Directors' professional knowledge and skills and in performing their duties and responsibilities as Directors; and (b) read materials that are relevant to the Directors' professional knowledge and skills and in performing their duties and responsibilities as Directors.

CORPORATE GOVERNANCE REPORT (CONTINUED)

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS (CONTINUED)

The training records of the Directors for the year ended 31 December 2025 are as follows:

Directors	Attending training sessions, including but not limited to seminars, conferences and workshops	Reading relevant news alerts, newspapers, journals, magazines and relevant publications
Executive Directors		
Mr. Luan Xiaolong	✓	✓
Mr. Luan Linjiang (resigned with effect from 1 September 2025)	✓	✓
Mr. Luan Linxin	✓	✓
Ms. Xu Huanxia (appointed with effect from 1 September 2025)	✓	✓
Non-Executive Director		
Mr. Lui Chun Pong (appointed with effect from 1 September 2025)	✓	✓
Independent Non-Executive Directors		
Mr. Wei Yi	✓	✓
Mr. Tian Qiang	✓	✓
Ms. Liu Xiaoye	✓	✓

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a director.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES

The Board has established five committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and ESG Committee, for overseeing particular aspects of the Company's affairs. All Board Committees are established with specific written terms of reference which deal clearly with their authority and duties.

The terms of reference of the Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and ESG Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders of the Company upon request. The list of the chairman and members of each Board Committee is set out under "Corporate Information" on pages 2 to 3 of this report.

AUDIT COMMITTEE

The Audit Committee was established by the Board with its written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. As at the date of this report, the Audit Committee consists of three independent non-executive Directors, namely Ms. Liu Xiaoye, Mr. Tian Qiang and Mr. Wei Yi. Ms. Liu Xiaoye is the chairlady of the Audit Committee.

The functions and primary duties of the Audit Committee are set out in the written terms of reference which include reviewing and supervising the financial reporting process, risk management and internal control systems of the Group, and overseeing the audit process. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

During the year ended 31 December 2025, two Audit Committee meetings were held to review the consolidated annual financial statements of the Group for the year ended 31 December 2024 and interim financial results and report for the six months ended 30 June 2025, to review the Group's continuing connected transactions, to review and discuss the risk management and internal control system and financial reporting matters of the Group, the effectiveness of the Group's internal audit and risk control function, and the appointment of the external auditors, including selecting and assessing the independence and qualifications of the external auditors, and ensuring effective communication between the Directors and external auditors. The Audit Committee also met with the external auditors twice during the Reporting Period. For the year ended 31 December 2025, the attendance record of the meetings is set out on page 41 of this report. In addition, written resolutions of the committee had been circulated during the Year.

The Company's annual results announcement and annual report have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE REPORT (CONTINUED)

REMUNERATION COMMITTEE

The Remuneration Committee was established by the Board with its written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code adopting the model of making recommendations to the Board on the remuneration packages, bonuses and other compensation payable to individual Directors and members of senior management. As at the date of this report, the Remuneration Committee consists of three members, being one executive Director and two independent non-executive Directors, namely Mr. Luan Xiaolong, Mr. Tian Qiang and Mr. Wei Yi. The majority of the members are independent non-executive Directors. Mr. Tian Qiang is the chairman of the Remuneration Committee.

The functions and primary duties of the Remuneration Committee are set out in the written terms of reference which include making recommendations on the Company's remuneration policy and structure, remuneration packages of Directors and senior management, and reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time. The written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The remuneration of the Directors and senior management is determined with reference to the level of remuneration paid by comparable companies, the time commitment and responsibilities of the Directors and senior management, and the employment conditions of the Company and its subsidiaries, as well as the level of remuneration required to attract and retain adequate talent to manage the Company successfully. No Director or member of senior management of the Company is involved in deciding his/her own remuneration.

During the year ended 31 December 2025, Remuneration Committee held one meeting to review the policy, package and structure of the remuneration of the Directors and senior management and make recommendations to the Board on the remuneration of the Directors and senior management.

During the year ended 31 December 2025, the attendance record of the meeting is set out on page 41 of this report.

Details of the remuneration of the Directors for the year ended 31 December 2025 are set out in note 33 to the consolidated financial statements in this report.

CORPORATE GOVERNANCE REPORT (CONTINUED)

REMUNERATION COMMITTEE (CONTINUED)

Details of the remuneration of the members of senior management (excluding Directors) of the Company for the year ended 31 December 2025 is set out below:

Name	Salary RMB'000	Welfare and other expenses RMB'000	Social benefits RMB'000	Housing subsidies RMB'000	Total RMB'000
Mr. Wang Peng	61	–	14	3	78
Mr. Du Chaolei	62	–	14	3	79
Mr. Li Hong	65	–	14	3	82
Mr. Li Wanmin	61	–	14	3	78
Ms. Gao Yan	52	–	14	3	69
	301	–	70	15	386

NOMINATION COMMITTEE

The Nomination Committee was established by the Board with its written terms of reference in compliance with Rule 3.27A of the Listing Rules and the CG Code. As at the date of this report, the Nomination Committee consists of three members, being our Chairman and executive Director and two independent non-executive Directors, namely Mr. Luan Xiaolong, Ms. Liu Xiaoye, and Mr. Tian Qiang. The majority of the members are independent non-executive Directors. Mr. Luan Xiaolong is the chairman of the Nomination Committee.

The functions and primary duties of the Nomination Committee are set out in the written terms of reference which include reviewing the structure, size and composition of the Board, selecting and recommending individuals for directorship to the Board, assessing the independence of the independent non-executive Directors, making the assessment of each director's time commitment and contribution to the board, as well as the director's ability to discharge his or her responsibilities effectively; and reviewing the Company's nomination policy and board diversity policy, to ensure that it is in compliance with the Listing Rules and the CG Code. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

In assessing the Board composition and identifying and selecting suitable candidates for directorships, the Nomination Committee would take into account various aspects contained in the Nomination Policy adopted by the Board, as well as factors concerning board diversity as set out in the Company's board diversity policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria that are necessary to complement the Group's corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

CORPORATE GOVERNANCE REPORT (CONTINUED)

NOMINATION COMMITTEE (CONTINUED)

During the year ended 31 December 2025, the Nomination Committee held one meeting to, among other businesses, review the existing structure, size and composition of the Board, review the Board Diversity Policy, review the contribution and time commitment of the Directors for performance of their responsibilities, consider the retirement and re-election of Directors and assess the independence of the independent non-executive Directors. During the year ended 31 December 2025, the attendance record of the meeting is set out on page 41 of this report.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee was established by the Board with its written terms of reference in compliance with the Listing Rules and the CG Code. As at the date of this report, the Risk Management Committee consists of one executive Director and two independent non-executive Directors, namely Mr. Luan Xiaolong, Ms. Liu Xiaoye and Mr. Wei Yi. Ms. Liu Xiaoye is the chairlady of the Risk Management Committee.

The functions and primary duties of the Risk Management Committee are set out in the written terms of reference which include reviewing general goals and fundamental policies of our risk and compliance management, internal control and risk management system of our Group, improving the corporate governance of our Group, assessing the risks that our operations may be exposed to and make recommendations to our Board accordingly. In addition, matters in relation to all related party transactions and connected transactions will be reviewed by the Risk Management Committee. The written terms of reference of the Risk Management Committee are available on the websites of the Company and the Stock Exchange. The Risk Management Committee also passed written resolutions during the year ended 31 December 2025 to resolve matters relating to the renewal of continuing connected transactions.

During the year ended 31 December 2025, one Risk Management Committee meeting were held to review the effectiveness of the internal control and risk management policies and procedures of the Company, review the reports submitted by the Company's independent internal control consultants on, among others, the Group's resources, staff qualifications and internal audit, accounting and financial reporting functions, review the continuing connected transactions and related party transactions of the Company. During the year ended 31 December 2025, the attendance record of the meeting is set out on page 41 of this report. In addition, written resolutions of the committee had been circulated during the Year.

Details of Company's the risk management and internal control are set out in the sub-section headed "Risk Management and Internal Controls" in this section.

CORPORATE GOVERNANCE REPORT (CONTINUED)

ESG COMMITTEE

The ESG Committee was established by the Board with its written terms of reference in compliance with the Listing Rules and the CG Code. As at the date of this report, the ESG Committee comprises two executive Directors and two independent non-executive Directors, namely Mr. Luan Xiaolong, Ms. Xu Huanxia, Mr. Wei Yi and Mr. Tian Qiang. Mr. Luan Xiaolong is the chairman of the ESG Committee.

The functions and primary duties of the ESG Committee are set out in the written terms of reference which include supporting the Board in formulating ESG policy and strategies, monitoring ESG issues, reviewing and evaluating sustainability performance, setting metrics and targets, preparing the ESG report and making recommendations to the Board. The written terms of reference of the ESG Committee are available on the websites of the Company and the Stock Exchange.

During the year ended 31 December 2025, one ESG Committee meeting was held to review the effectiveness of the Group's ESG policies and strategies and approve the draft ESG report. During the year ended 31 December 2025, the attendance record of the meeting is set out on page 41 of this report.

Details of the ESG policy are set out in the "Environmental, Social and Governance Report" of the Company for the year ended 31 December 2025 published at the same time as the publication of this report in accordance with the Listing Rules.

Nomination Policy

The Nomination Committee shall consider the following non-exhaustive selection criteria in assessing the suitability of a proposed candidate regarding the appointment or reappointment of a Director:

- (a) reputation for integrity;
- (b) accomplishment, experience and reputation in the business and industry;
- (c) meritocracy and contribution to the Board;
- (d) commitment in respect of sufficient time, interest and attention to the businesses of the Company and its subsidiaries;
- (e) diversity in all perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- (f) compliance with the criteria of independence, in case for the appointment of an independent non-executive Director; and
- (g) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time as appropriate.

The Nomination Policy also sets out the process and procedures for the selection and recommendation to the Board of the appointment or reappointment of a Director.

BOARD DIVERSITY POLICY AND WORKFORCE DIVERSITY POLICY

The Nomination Committee is authorised by the Board to determine the nomination of Directors, the procedure, process and criteria to be adopted for the purposes of selecting and recommending candidates for directorship, and shall make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular, the Chairman and the chief executive.

The Board has adopted a board diversity policy in accordance with Rule 13.92 of the Listing Rules. With a view to achieving sustainable and balanced development, we are committed to increasing diversity in our Board in order to bring in innovation, fresh and broad business perspectives and enhance the decision-making process of our Board. Our Board is of the view that having diversity will help our Company better understand and meet the needs of the customers and maintain our competitive advantages in the natural gas industry. Selection of Director candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and contribution that the selected candidates may bring to our Board, and candidates will be considered against objective criteria, having due regard to the benefits of diversity to our Board. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Pursuant to the Board Diversity Policy, the Nomination Committee will report annually on the Board's composition under diversified perspectives together with a summary of our Board diversity policy, the measurable objectives for implementing this policy and the progress of achieving our objectives to achieve Board diversity.

As at the date of this report, the Board comprises seven members, including two female Directors and five male Directors with a balanced mix of knowledge, skills and experiences in various aspects of business management. The Company has three independent non-executive Directors who have different industry backgrounds, including accounting, legal and business operation. Furthermore, the Board has a relatively wide range of ages, ranging from 34 to 73 years old.

The Company will conduct performance appraisals periodically by which we may identify and select female employees with a diverse range of knowledge, skills and experiences in different fields who are qualified to become our Board members. We are committed to promote our gender diversity continuously, from the Board downwards to workforce level, by (i) continuing to make appointments based on merits with reference to board diversity as a whole; (ii) by recruiting staff of different gender at all levels of our Group; and (iii) providing career development opportunities and more resources in training female staff with the aim of promoting them to the senior management or board of our Company. The Company will maintain at least one female Director and at least 15% female representation in our Board.

The Board has also adopted a workforce diversity policy, which provides that selection of the employee candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

As at 31 December 2025, the female-to-male ratio in the Group's workforce, including senior management, was approximately 16%: 84%. The Group recognises the importance and benefit of having different genders in the working environment, and shall further strengthen the Group's gender diversity in the workplace in the future where possible.

CORPORATE GOVERNANCE REPORT (CONTINUED)

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code. The Board recognizes that corporate governance should be the collective responsibility of Directors, which include:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2025, the Board held one meeting to review the Company's compliance with the CG Code, the Model Code and the disclosure requirements in the Corporate Governance Report during the year ended 31 December 2025. The Board meeting was attended by Mr. Luan Xiaolong, Mr. Luan Linjiang, Mr. Luan Linxin, Mr. Wei Yi, Mr. Tian Qiang and Ms. Liu Xiaoye.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for maintaining a sound and effective internal control system in order to safeguard the Group's assets and Shareholders' interests and reviewing the effectiveness of the Group's internal control and risk management systems (including ESG risks) on an annual basis so as to ensure that the internal control and risk management systems in place are adequate. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

The Group's internal control system includes various enhanced internal control measures as elaborated in "- Regulatory Compliance – Non-compliance incidents" in the Prospectus and the Company's announcement dated 12 July 2024.

The Audit Committee and Risk Management Committee assists the Board at least annually in reviewing the design, implementation and monitoring of the Group's risk management and internal control systems.

The Company has established an audit committee consisting of all of the independent non-executive Directors, as part of its measures to improve risk management and corporate governance. The primary duties of the Audit Committee are to annually review and supervise the financial reporting process and internal control system of the Group, and to advise the Board accordingly.

CORPORATE GOVERNANCE REPORT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

The Company has also established a risk management committee which is responsible for reviewing the general goals and fundamental policies of our risk and compliance management, internal control and risk management system of our Group and internal audit functions, assessing the risks our operations may be exposed to and making recommendations to our Board accordingly. It will also review matters in relation to all related party transactions and connected transactions.

The Group conducts internal audit from time to time to review and scrutinize the Group's overall operations and risk management assessment to ensure the internal controls and risk management systems are functioning adequately.

The Board, as supported by the Audit Committee as well as the management report and the internal control review findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, during the year ended 31 December 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

In addition, the Company also implemented a comprehensive internal control policy which covers various major areas of our operations including approval process and authority, compliance risk management, capital investment management and contract management to identify, evaluate and manage significant risks including but not limited to the handling and dissemination of inside information as well as identification and review of connected transactions and relevant approval procedures to ensure compliance with requirements of the Listing Rules. The Company, Directors and management closely monitor the implementation and assess the effectiveness of these guidelines and measures which are crucial to the Company's business sustainability. The Board has received assurance from the management of the Group regarding the effectiveness of the risk management and internal control systems of the Group.

WHISTLE-BLOWING POLICY

The Company has in place a whistle-blowing policy to allow employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee (or any designated committee comprising a majority of independent non-executive Directors) about possible improprieties in any matter related to the Company. Staff will approach the chairlady of the Audit Committee directly for any complaint or concerns about any suspected fraud or irregularity and possible improprieties in matters of financial reporting or management against any other employees of the Group. The chairlady of the Audit Committee will ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions to be taken.

CORPORATE GOVERNANCE REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2025.

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 auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 58 to 62 of this report.

AUDITOR'S REMUNERATION

The remuneration paid to the external auditor of the Company, BDO Limited, in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fees Paid/Payable RMB
Audit services	1,200,000
Non-audit service	–

COMPANY SECRETARY

Mr. Zhang Yupeng and Ms. Ho Wing Nga have been appointed as the Company's joint company secretaries. Ms. Ho Wing Nga is the Managing Director of the Entity Solutions of Computershare Hong Kong Development Limited.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. Mr. Zhang Yupeng, one of the joint company secretaries, has been designated as the primary contact person of the Company which would work and communicate with Ms. Ho Wing Nga on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2025, Mr. Zhang Yupeng and Ms. Ho Wing Nga have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE REPORT (CONTINUED)

CONSTITUTIONAL DOCUMENTS

The Articles of Association of the Company were adopted with effect from the Listing Date, and are available on the websites of the Company and the Stock Exchange. There were no changes in the constitutional documents of the Company during the year ended 31 December 2025.

DIVIDEND POLICY

With respect to dividend policy, the Board has resolved to revise the dividend policy of the Company with immediate effect from 27 March 2025, such that the Company will declare and distribute not less than 10% of its net profit for a given year as dividends to Shareholders. The Board considered that such change in dividend policy allows more effective use of the Group's financial resources between the deployment of funds for development of its business and distribution of returns to shareholders. The declaration and payment of dividends is subject to the discretion and approval of the Directors, depending on future results of operation, capital requirements and surplus, general business and financial conditions as well as any other factors of the Company which the Directors consider relevant.

The Company is a holding company incorporated under the laws of the Cayman Islands. Any final dividends for a financial year will be subject to Shareholders' approval upon the Board's recommendation. Payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. Distributions from us and our subsidiaries may also become subject to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

SHAREHOLDERS' RIGHTS

The Company engages with its Shareholders through various communication channels. To safeguard Shareholders' interests and rights, separate resolution(s) should be proposed for each substantially separate issue at general meetings, 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 the Company ensures that the detailed procedures for conducting a poll and any questions from Shareholders on voting by poll are explained and addressed. The 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 AT THE REQUEST OF SHAREHOLDERS

Pursuant to Article 58 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

There is no provision allowing the Company's Shareholders to put forward new resolutions at general meetings under the companies law of the Cayman Islands or the Articles of Association of the Company. The Company's Shareholders who wish to put forward a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

For Shareholders' right to nominate candidates for directors, please refer to "Procedures for a Shareholder to propose a person for election as a Director of the Company" on the website of our Company.

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, Shareholders of the Company may send written enquiries to the Company, the contact details of which are contained on the website of the Company (<http://www.gmjytrq.com/>).

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with its Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with its 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

POLICIES RELATING TO SHAREHOLDERS

The Company has in place a shareholder communication policy to ensure that its Shareholders and potential investors are provided with ready, equal and timely access to information about the Company, so that its Shareholders can exercise their rights in an informed manner and engage actively with the Company. The policy is regularly reviewed to ensure its effectiveness. The Group is of the view that the shareholders communication policy was implemented effectively during the year ended 31 December 2025 as the Company was able to understand the views of its Shareholders through the channels described below.

Under the shareholders communication policy, information shall be communicated to the Company's Shareholders and potential investors mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and corporate communications on the Stock Exchange's website and the Company's website. Effective and timely dissemination of the Company's information to the Shareholders and potential investors shall be ensured at all times. The contact details of the Company are set out in the Company's website in order to enable its Shareholders make any query that they may have with respect to the Company. The Shareholders are also encouraged to participate in general meetings, and appropriate arrangements for the general meetings shall be in place to encourage the participation of the Company's Shareholders. The corporate website of the Company provides its Shareholders with information about the principle business activities and latest development of the Company and its subsidiaries, as well as information on the corporate governance of the group and the compositions and functions of the Board and the Board Committees.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of JY GAS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of JY Gas Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 63 to 148, which comprises 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 HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 ("HKSA") issued by the 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 the matter.

The key audit matter identified in our audit is related to expected credit losses on trade receivables.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Expected credit losses on trade receivables</p> <p>As at 31 December 2025, the Group's net trade receivables amounting to approximately RMB82,340,000 which represented approximately 14% of total assets of the Group. The Group's expected credit losses ("ECLs") recognised on trade receivables as at 31 December 2025 amounted to approximately RMB1,712,000.</p> <p>The management is required to apply judgement in assessing the loss allowance for trade receivables under the ECLs model and the management of the Group applies the simplified approach to calculate ECLs, which is measured at an amount equal to lifetime ECLs. This approach is based on management's estimated loss rates for trade receivables. The estimated loss rates take into account the ageing of the trade receivables, outstanding balances and information regarding the ability and intention of the debtor to pay and historical data on default rates and forward looking information, which involves inherent uncertainty.</p> <p>We identified expected credit loss assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the ECLs of the Group's trade receivables at the end of the reporting period.</p>	<p>We performed audit procedures in relation to management's impairment assessment of trade receivables which included:</p> <ul style="list-style-type: none">• discussing the ECLs assessment with the management, where necessary;• evaluating the methodology and key assumptions adopted by management in assessing ECLs and discussing them with management;• challenging the reasonableness of key assumptions based on our knowledge of the business and industry;• checking, on a sample basis, the accuracy and relevance of the input data used by management in capturing the aging; and• checking subsequent settlements of the trade receivables on sampling basis to review the reasonableness of the ECLs.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include 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.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that gives a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with the terms of our engagement, 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 HKSAs 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment 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 group financial statements. We are responsible for the direction, supervision and review of the work performed for the 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 AUDITORS' REPORT (CONTINUED)

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.

BDO Limited

Certified Public Accountants

Chow Tak Sing, Peter

Practising Certificate Number P04659

Hong Kong, 26 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	5(a)	334,586	370,424
Cost of sales	8	(270,356)	(312,636)
Gross profit		64,230	57,788
Administrative expenses	8	(25,163)	(22,409)
Reversal/(provision) of net impairment losses on financial assets and contract assets		2,144	(42)
Other income	6	5,562	6,016
Other (losses)/gains, net	7	(3,438)	1,270
Operating profit		43,335	42,623
Finance income	10	281	2,341
Finance costs	10	(3,497)	(3,523)
Finance income and costs, net	10	(3,216)	(1,182)
Profit before income tax		40,119	41,441
Income tax expense	11	(11,219)	(11,217)
Profit for the year		28,900	30,224
Other comprehensive income for the year, net of tax			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Revaluation of property, plant and equipment and right-of- use assets on transfer to investment properties		1,724	–
Other comprehensive income for the year		1,724	–
Total comprehensive income for the year		30,624	30,224

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Profit for the year attributable to:			
Owner of the Company		28,395	30,021
Non-controlling interests		505	203
		28,900	30,224
Profit and total comprehensive income attributable to:			
Owners of the Company		29,602	30,021
Non-controlling interests		1,022	203
		30,624	30,224
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB per share)	13	0.06	0.07

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	14	145,048	149,997
Investment properties	15	72,131	68,200
Right-of-use assets	16	6,333	9,696
Intangible assets	17	5,910	6,380
Trade receivables	20	6,492	10,946
Other non-current assets	19	4,370	5,536
		240,284	250,755
Current assets			
Inventories	22	8,021	8,587
Contract assets	5(b)	3,543	10,546
Trade and other receivables	20	86,570	78,552
Prepayments and other current assets	21	18,253	15,983
Cash and bank balances	23	221,396	224,160
		337,783	337,828
Total assets		578,067	588,583

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2025

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Equity			
Share capital	24	310	310
Share premium and reserves	25	134,541	145,344
Retained earnings		177,505	152,330
Equity attributable to owners of the Company		312,356	297,984
Non-controlling interests		16,984	15,962
Total equity		329,340	313,946
Liabilities			
Non-current liabilities			
Lease liabilities	28	1,731	1,804
Trade payables	26	2,973	13,534
Borrowings	27	9,010	–
Deferred income tax liabilities	29	8,054	7,683
		21,768	23,021
Current liabilities			
Trade and other payables	26	61,428	65,380
Contract liabilities	5(b)	95,772	121,822
Current income tax liabilities		10,279	4,133
Borrowings	27	59,280	60,072
Lease liabilities	28	200	209
		226,959	251,616
Total liabilities		248,727	274,637
Total equity and liabilities		578,067	588,583

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 63 to 148 were approved by the Board of Directors on 26 March 2026 and were signed on its behalf.

Luan Xiaolong
Chairman and executive director

Luan Linxin
Executive director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

Note	Attributable to owners of the Company					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
Balance at 1 January 2025	310	225,899	(80,555)	152,330	297,984	15,962	313,946
Comprehensive income							
Profit for the year	-	-	-	28,395	28,395	505	28,900
Other comprehensive income:							
• Revaluation of property, plant and equipment and right-of-use assets on transfer to investment properties	-	-	1,207	-	1,207	517	1,724
Total comprehensive income	310	225,899	(79,348)	180,725	327,586	16,984	344,570
Transactions with owners in their capacity as owners							
Appropriation to statutory reserve	25(a)	-	3,220	(3,220)	-	-	-
Appropriation to safety fund	25(b)	-	5,553	(5,553)	-	-	-
Utilisation of safety fund	25(b)	-	(5,553)	5,553	-	-	-
Dividends recognised as distribution	30	-	(15,230)	-	(15,230)	-	(15,230)
Total transactions with owners in their capacity as owners		-	3,220	(3,220)	(15,230)	-	(15,230)
Balance at 31 December 2025	310	210,669	(76,128)	177,505	312,356	16,984	329,340

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Attributable to owners of the Company				Sub-total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000			
Balance at 1 January 2024		310	238,947	(82,515)	124,269	281,011	15,759	296,770
Comprehensive income								
Profit for the year		-	-	-	30,021	30,021	203	30,224
Total comprehensive income		-	-	-	30,021	30,021	203	30,224
Transactions with owners in their capacity as owners								
Appropriation to statutory reserve	25(a)	-	-	2,907	(2,907)	-	-	-
Appropriation to safety fund	25(b)	-	-	3,693	(3,693)	-	-	-
Utilisation of safety fund	25(b)	-	-	(4,640)	4,640	-	-	-
Dividends recognised as distribution	30	-	(13,048)	-	-	(13,048)	-	(13,048)
Total transactions with owners in their capacity as owners		-	(13,048)	1,960	(1,960)	(13,048)	-	(13,048)
Balance at 31 December 2024		310	225,899	(80,555)	152,330	297,984	15,962	313,946

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	31(a)	21,501	41,851
Interest received		122	1,821
Income tax paid		(5,277)	(9,282)
Net cash inflow from operating activities		16,346	34,390
Cash flows from investing activities			
Payments for property, plant and equipment		(8,450)	(21,111)
Payments for intangible assets		–	(1,038)
Proceeds from disposal of property, plant and equipment	31(b)	–	221
Proceeds from disposal of financial assets at fair value through profit or loss		–	11,057
Repayments from a related party	32(f)	–	69,215
Net cash (outflow)/inflow from investing activities		(8,450)	58,344
Cash flows from financing activities			
Proceeds from borrowings	31(d)	89,190	59,990
Repayments of borrowings	31(d)	(80,980)	(40,000)
Placement of bank deposits		–	(15,000)
Withdrawal of bank deposits		15,000	15,000
Interest paid	31(d)	(3,330)	(2,949)
Dividends paid to the Company's shareholders		(14,892)	(12,950)
Payments for listing expenses		–	(550)
Net cash inflow from financing activities		4,988	3,541
Net increase in cash and cash equivalents		12,884	96,275
Cash and cash equivalents at beginning of the year		209,010	112,210
Effects of exchange rate changes on cash and cash equivalents		(648)	525
Cash and cash equivalents at end of the year		221,246	209,010
Analysis of the balance of cash and cash equivalents			
Cash at banks and on hand		221,246	209,010

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

JY GAS LIMITED (the “Company”) was incorporated in the Cayman Islands on 9 March 2021 as an exempted company with limited liability under the Companies Act (Cap.22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Palm Grove Unit 4, 265 Smith Road, George Town, P. O. Box 52A Edgewater Way, #1653, Grand Cayman KY1-9006, Cayman Islands.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 16 November 2022.

The Group are principally engaged in the sale of natural gas, mainly piped natural gas (“PNG”), compressed natural gas (“CNG”) and liquefied natural gas (“LNG”), the provision of construction and installation services and the sale of gas-burning appliances in Gaomi City, Shandong Province.

These consolidated financial statements are presented in RMB, unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2026.

2 Summary of material accounting policy information

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards (“**HKFRS**”) as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“**HKCO**”). The consolidated financial statements have been prepared in accordance with all applicable HKFRS, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**the Listing Rules**”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.1 Basis of preparation (continued)

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for the investment properties, which are measured at fair value as explained in the accounting policies set out below.

(c) Adoption of new or amendments to HKFRSs – effective 1 January 2025

HKAS 21 and HKFRS 1

Lack of Exchangeability (amendments)

None of these new or amendments to HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amendments to HKFRSs that is not yet effective for the current accounting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.1 Basis of preparation (continued)

(d) New or amendments to HKFRSs that have been issued but not yet effective

The following new or amendments to HKFRSs, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments) ¹
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity (amendments) ¹
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard) ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard) ²
HKFRS 19	Amendments to HKFRS 19 Subsidiaries without Public Accountability: Disclosures ²
HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments) ²
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments) ³

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

³ Effective date to be determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.1 Basis of preparation (continued)

(d) New or amendments to HKFRSs that have been issued but not yet effective (continued)

Further details about those HKFRSs that are not yet effective and are expected to be applicable to the Group are as follows:

Amendments to HKFRS 9 and HKFRS 7

The Amendments to HKFRS 9 and HKFRS 7 clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled via an electronic transfer, the requirements for assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, characteristics of non-recourse loans and contractually linked instruments. The Amendments also introduce additional disclosure requirements for equity instruments classified as FVOCI and for financial instruments with contingent features.

HKFRS 18

HKFRS/IFRS 18 will have a significant effect on how entities present their financial statements with emphasis on reporting of financial performance. The areas that will be significantly affected include Presentation of new defined subtotals in the statement of profit or loss; disclosures about management-defined performance measures; and enhanced requirements for grouping (aggregation and disaggregation) of information.

The Group is currently analysing the new requirements and assessing the impact of the amendments towards the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.2 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to shareholders of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM").

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Groups functional currency and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within "Finance cost – net". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within "Other (losses)/gains, net".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.6 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

– Buildings	10 – 20 years
– Gas pipelines	20 years
– Machinery and equipment	10 years
– Motor vehicles, furniture and fittings	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss and presented within "Other (losses)/gains, net" in the consolidated statement of comprehensive income.

Construction in progress represents property, plant and equipment under construction or pending installation, and is stated at cost less impairment losses (if any). Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.7 Investment properties

Investment properties, principally comprising buildings and land, are held for long-term rental yields and are not occupied by the Group. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, the Group measure all of its investment properties at fair value. A gain or loss arising from a change in the fair value of investment property shall be recognised in profit or loss for the period in which it arises.

2.8 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Software licenses

Acquired software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The Group amortises software with a limited useful life using the straight-line method over 10 years.

The software are well-developed off-the-shelf software without contractual term. The Group determines the estimated useful life of software by reference to the Group's asset management policy and historical experience of the actual useful lives of software with similar nature and functions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.9 Impairment of non-financial assets

Goodwill is not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.10 Investments and other financial assets (continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented within "Other (losses)/gains, net" in the consolidated statement of comprehensive income. Impairment losses are presented as separate line item in the statement of comprehensive income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other (losses)/gains in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(b) for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Costs of purchased inventories are determined after deducting rebates and discounts (if applicable). Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.16 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred income tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.20 Employee benefits

(a) Short term obligations

Liabilities for wages and salaries that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Pension obligations

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

If the employees leave the plans prior to vesting fully in such contributions, the Group has no right to utilise such forfeited contributions under the post-employment benefit plan to reduce the existing level of contributions.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practise that has created a constructive obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.21 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.22 Revenue recognition

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.

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. In addition, when determining the transaction price, the Group consider factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose.

(a) Sale of goods

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.22 Revenue recognition (continued)

(b) Provision of construction and installation services

Revenue from construction and installation services is recognised over time, using an input method. The input method recognises revenue by measuring the contract progress towards complete satisfaction of performance obligation, which is measured based on the Group's effort or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended and cost incurred) relative to the total expected inputs to the satisfaction of that performance obligation.

Upon entering a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in profit or loss exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in profit or loss.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of trade receivables. A receivable is recognised when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfied its performance obligation.

2.23 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to purchases of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders, where appropriate.

2.26 Leases

As lessee

The Group have leases in respect of land use rights and leased office building in the PRC. Land use rights are with lease terms of 10 to 50 years. Office building rental contracts are typically made for a fixed period of 3 years.

Lease is recognised as a right-of-use assets and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.26 Leases (continued)

As lessee (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. The Group uses the incremental borrowing rate, for the implicit rate cannot be readily determined, which is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.26 Leases (continued)

As lessee (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

As lessor

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. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheets based on their nature.

2.27 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- (i) The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- (ii) By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (if any).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Summary of material accounting policy information (continued)

2.27 Earnings per share (continued)

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- (i) The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- (ii) The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. These risks are managed by the Group's financial management policies and practises described below.

(a) Market risk

(i) Foreign exchange risk

The Group principally operates in the PRC and RMB is the currency of the primary economic environment in which the Group operates. However, upon the initial listing on the Stock Exchange, proceeds from the IPO are in HKD. The Group has significant foreign currency balance of cash and cash equivalents denominated in HKD. Foreign exchange risk arises from cash and cash equivalents denominated in currencies other than the functional currency of the Group. Analyses of cash and cash equivalents by currencies are disclosed in Note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group currently does not have a foreign currency hedging policy and manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

As at 31 December 2025, if HKD strengthened/weakened by 5% against RMB with all other variables held constant, the Group's post-tax profit would have been approximately RMB769,000 higher/lower which is due to cash and cash equivalents denominated in HKD (2024: RMB2,130,000).

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk primarily in relation to fixed-rate borrowings and other financial assets at amortised cost. Management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The fair value interest rate risk on bank deposits is insignificant as the fixed deposits are short-term.

The Group's interest rate profile as monitored by management is set out as below.

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Financial instruments with fixed interest rates		
Bank borrowings	68,200	59,990

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk mainly arises from cash and cash equivalents, restricted bank deposits and trade and other receivables.

(i) Risk management

Credit risk is managed on group basis, except for credit risk relating to trade receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. The Group's credit sales are only made to customers with appropriate credit history. The Group has no significant concentration of credit risk. The carrying amounts of cash and cash equivalents, restricted bank deposits and trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets.

The credit risk on Group's cash and cash equivalents and restricted bank deposits is limited because the counterparties are banks with high credit ratings. Management does not expect that there will be any significant losses from non-performance by these counterparties.

For gas sales and gas pipelines construction and installation services, the Group receives the advance payment from most of the customers except for certain arrangements with payment installments between the local governments. The Directors consider the local governments have high-credit quality and are of opinion that adequate provision for uncollectible receivables has been made. Further details of credit risks on trade and other receivables are disclosed in Note 20.

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to impairment assessment under the expected credit loss model as prescribed in HKFRS 9.

- Trade receivables,
- Contract assets relating to construction and installation services, and
- Other receivables

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Trade receivables and contract assets relating to customers with known financial difficulties or significant doubt on collection of receivables are considered to be subjected to higher risk of default and are tested individually.

Measurement of expected credit loss on individual basis

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Individually assessed trade receivables	–	38
Loss allowance	–	(38)

Measurement of expected credit loss on collective basis

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a specific period before each year end date and the corresponding historical credit losses experienced within the periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Measurement of expected credit loss on collective basis (continued)

The loss allowance in respect of these collectively assessed trade receivables amounted to approximately RMB1,712,000 and RMB3,609,000 both based on an average expected loss rate of approximately 2.04% and 4.18% as at 31 December 2025 and 2024, respectively with improvement for settlement from customers during the year ended 31 December 2025. The loss allowance in respect of these collectively assessed contract assets amounted to approximately RMB5,400 based on an average expected loss rate of approximately 0.15% as at 31 December 2025 (2024: RMB410,000 based on an average expected loss rate of approximately 3.74%).

Other receivables

Other receivables mainly include advances to related parties and third parties. Management of the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences. The Group measures credit risk using Probability of Default, Exposure at Default and Loss Given Default.

- Other receivables that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.
- If a significant increase in credit risk (specifically, when the debtor is more than 1 day past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.
- If the financial instrument is credit-impaired (specifically, when the debtor is more than 90 days past due on its contractual payments), the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

As at 31 December 2025, the balance of other receivables from related parties is RMB10,400,000 (2024: RMB6,500,000) classified in 'Stage 1. The loss allowance in respect of these other receivables amounted to approximately Nil (2024: RMB27,000) based on an average expected loss rate of approximately 0% as at 31 December 2025 (2024: 0.42%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

As at 31 December 2025 and 2024, the loss allowance provision for other receivables due from third parties was determined and the expected credit losses as recognised have also incorporated forward looking information. Other receivables due from third parties for which are overdue over 3 years are classified in "Stage 3". The related loss allowance provision as of 31 December 2025 and 2024, are determined as follows:

	Within credit period <i>RMB'000</i>	Up to 1 year <i>RMB'000</i>	1 to 2 years <i>RMB'000</i>	2 to 3 years <i>RMB'000</i>	Over 3 years <i>RMB'000</i>	Total <i>RMB'000</i>
Other receivables (excluding other receivables from related parties)						
As at 31 December 2025						
Expected loss rate (%)	–	37.78%	45.49%	45.49%	100%	99%
Gross carrying amount	–	313	220	5	25,416	25,954
Loss allowance provision	–	114	100	2	25,416	25,632
As at 31 December 2024						
Expected loss rate (%)	–	0.43%	0.43%	0.43%	100%	99%
Gross carrying amount	–	268	6	8	25,408	25,690
Loss allowance provision	–	1	–	–	25,408	25,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and indicators of severe financial difficulty.

Impairment losses on trade and other receivables are separately presented as “Net impairment losses on financial assets” in the consolidated statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of borrowing facilities. Due to the dynamic nature of the underlying businesses, the Group maintains a reasonable level of cash and cash equivalents, and further supplements this by keeping committed credit lines available. As at 31 December 2025, the Group has unused credit limit of RMB1,000,000.

The Group’s primary cash requirements have been for purchases of materials, machinery and equipment and payment of related debts. The Group finances its working capital requirements through a combination of funds generated from operations, bank borrowings and other means of financing.

Management monitors rolling forecasts of the Group’s liquidity reserve (comprises undrawn borrowing facility) and cash and cash equivalents on the basis of expected cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the undiscounted cash outflows relating to the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2025					
Borrowings	61,774	324	9,013	–	71,111
Trade and other payables (excluding salaries and staff welfare payable and taxes payable)	49,150	980	1,978	–	52,108
Lease liabilities (including interest payments)	213	217	1,153	1,274	2,857
	111,137	1,521	12,144	1,274	126,076
As at 31 December 2024					
Borrowings	61,514	–	–	–	61,514
Trade and other payables (excluding salaries and staff welfare payable and taxes payable)	50,546	9,659	3,678	318	64,201
Lease liabilities (including interest payments)	209	213	1,131	1,513	3,066
	112,269	9,872	4,809	1,831	128,781

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt/(cash) is calculated as borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheets plus Net debt/(cash).

As at 31 December 2025 and 2024, the net debt to total capital ratios were as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Borrowings (Note 27)	68,290	60,072
Lease liabilities (Note 28)	1,931	2,013
Less: cash and cash equivalents (Note 23)	(221,246)	(209,010)
Net cash	(151,025)	(146,925)
Total equity	329,340	313,946
Total capital	178,315	167,021
Net debt to total capital ratio	N/A	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Financial risk management (continued)

3.3 Fair value estimation

(a) Non-Financial assets and liabilities

(i) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by the independent and professionally qualified valuer, to determine the fair value of the investment properties as at 31 December 2025 and 2024.

As certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of investment properties of the Group are included in level 3 of the fair value measurement hierarchy as follows.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2025				
– Investment properties	–	–	72,131	72,131
As at 31 December 2024				
– Investment properties	–	–	68,200	68,200

There were no transfers among different categories during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) Non-Financial assets and liabilities (continued)

(ii) Valuation techniques used to determine level 2 and level 3 fair values

The Group obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Directors consider information from a variety of sources including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows, and
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The level 3 fair value of investment properties has been derived using the direct comparison approach or income approach.

The key inputs under the direct comparison approach are the price per square metre from current year sales of comparable lots of properties in the area (location and size), supplementary land price (i.e. price for renewal of land use rights upon expiring of lease terms) and adjustments ratio for different location, floor and transaction date, etc.

When fair value is determined by applying the income approach, using the discounted cash flow method, based on the estimated rental value of the property. The valuation takes into account which the property would be fully occupied and rental income of the property. The discount rates have been adjusted for the condition and location of the building.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The movements in the level 3 investments properties during the years ended 31 December 2025 and 2024 are presented in Note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) Non-Financial assets and liabilities (continued)

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements (see (ii) above for the valuation techniques adopted):

(1) Direct comparison approach

	Fair value		Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	As at 31 December			As at 31 December		
	2025 RMB'000	2024 RMB'000		2025	2024	
Investment properties (for retail/wholesale outlets)	64,900	68,200	Supplementary land price (RMB)	263/m ²	189/m ²	The higher supplementary land price, the lower fair value
			Adjustments ratio for difference in – location	8% to 14%	13%-29%	The lower adjustments factor, the higher fair value
			– floor	80%-100%	80%- 100%	The higher adjustments factor, the higher fair value
			– price after adjustments for valuation date (RMB)	4,243/m ²	4,240/m ²	The lower adjustments factor, the lower fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) Non-Financial assets and liabilities (continued)

(iv) Valuation inputs and relationships to fair value (continued)

(2) Income approach

The following table shows the significant unobservable inputs used in the fair value estimate of the investment properties (for CNG and LNG refueling stations).

Significant unobservable inputs	Relationship with fair value	At as 31 December 2025	At as 31 December 2024
Income capitalisation rate	Inverse	6%	N/A
Expected occupancy	Positive	Fully occupied	N/A
Rental growth	Positive	3%	N/A

The higher the income capitalisation rate, the lower the fair value. The higher the occupancy and rental growth, the higher the fair value.

(v) Valuation processes

The Group engages external independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year. As at 31 December 2025, the fair values of the investment properties for retail/wholesale outlets and for CNG and LNG refueling stations by using direct comparison approach and income approach respectively have been determined by PSA (HK) Surveyors Limited, independent valuer (2024: the fair value of the investment property for retail/wholesale outlets by using direct comparison approach was determined by APAC Assets Valuation and Consulting Limited).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Recognition of revenue from construction and installation services

The Group recognised the revenue from construction and installation services over time, by measuring the contract progress towards complete satisfaction of the performance obligation. Management is required to exercise significant judgment in their review and assess of the estimates of the total contract costs and actual costs incurred up to the end of the reporting period for each contract as the contract progresses, based on past experience and specific circumstances. The eventual realisation of these estimates are subject to the finalisation of the costs. Any change in the estimate of the total contract costs, which determined the progress towards complete satisfaction of performance obligation, would affect the construction and installation services revenue recognition.

(b) Estimation of the useful lives of property, plant and equipment

The Group's management 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. Management will increase the depreciation charges where useful lives are less than previously estimated lives. Periodic review could result in a change in useful lives and therefore depreciation expense in the future periods.

(c) Deferred income tax

A deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognised based upon the likely timing and the level of future taxable profits of the individual entities together with tax planning strategies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Revenue and segment information

The Company's executive directors are the Group's CODM. The CODM reviews the performance of the Group on a regular basis.

As substantial business operations of the Group relate to the sale of piped natural gas, the CODM makes decisions about resources allocation and performance assessment based on the entity-wide consolidated financial information. Accordingly, there is only one single operating segment for the Group qualified as reportable segment under HKFRS 8 "Operating Segments". No separate segmental analysis is presented in the consolidated financial statements. The Group's total revenues are all from domestic customers in the PRC. Accordingly, no geographical information is presented.

(a) Revenue from external customers

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue recognised at a point in time:		
Revenue from PNG sales	298,050	307,193
Revenue from CNG and LNG sales	13,317	18,004
Revenue from sales of gas-burning appliances	3,355	15,274
	314,722	340,471
Revenue recognised over time:		
Revenue from construction and installation services	19,864	29,953
Total	334,586	370,424

During the years ended 31 December 2025 and 2024, no revenue derived from transactions with a single customer representing 10% or more of the Group's total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Revenue and segment information (continued)

(b) Contract assets and Contract liabilities

The Group has recognised the following assets and liabilities related to contract with customers:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Contract assets		
Construction and installation services	3,543	10,546
Contract liabilities		
PNG sales	92,372	112,902
Construction and installation services	2,440	7,634
CNG and LNG sales	960	1,286
	95,772	121,822

Contract liabilities of the Group mainly represent the payments received in advance from customers while the underlying goods or services are yet to be delivered by the Group.

Revenue recognised that was included in the contract liabilities balance at the beginning of the year:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
PNG sales	77,168	84,407
Construction and installation services	7,634	10,227
CNG and LNG sales	1,286	1,545
Sales of gas-burning appliance	–	147
	86,088	96,326

(c) Unsatisfied performance obligations

There is no significant long-term unsatisfied performance obligations in the years ended 31 December 2025 and 2024. For the above contracts with customers, they are rendered in short period of time, which is generally less than one year, and the Group has elected the practical expedient to not disclose the remaining performance obligations for these type of contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Other income

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Rental income from		
– a related party (Note 32(e) (i))	3,578	3,578
– non – related party	428	–
Government subsidy	–	8
Compensation from insurance institution	1,085	1,975
Others	471	455
	5,562	6,016

7 Other (losses)/gains, net

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Direct compensation for safety accident	–	(170)
Fair value adjustment to investment properties (Note 15)	(3,213)	(800)
Gain on disposal of financial assets at FVTPL	–	1,612
Foreign exchange (losses)/gains	(13)	525
Gain on disposal of property, plant and equipment	–	48
Write-off of property, plant and equipment	(43)	(194)
Others	(169)	249
	(3,438)	1,270

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 Expenses by nature

Expenses included in cost of sales and administrative expenses are analysed as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of natural gas (Note 22)	243,238	268,566
Materials used in construction and installation services (Note 22)	188	613
Cost of gas-burning appliance sold (Note 22)	789	9,291
Employee benefit expenses (Note 9)	14,123	12,650
Construction subcontracting fee	7,450	13,415
Depreciation and amortisation		
– Property, plant and equipment (Note 14)	11,611	11,806
– Right-of-use assets (Note 16)	593	692
– Intangible assets (Note 17)	470	385
Professional and consulting fees	5,722	2,879
Repairs and maintenance costs	3,919	4,196
Auditor's remuneration	1,200	1,200
Taxes and surcharges	902	1,336
Utility costs	741	871
Vehicle costs	391	780
Other expenses (note)	4,182	6,365
Total cost of sales and administrative expenses	295,519	335,045

Note:

For the years ended 31 December 2024 and 2025, the other expenses mainly represented gas pipeline checking expenses, entertainment expenses, office expenses, travelling expenses and security services charge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 Employee benefit expenses

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Wages, salaries, bonuses and allowances	11,126	9,715
Welfare and other expenses	388	741
Social insurance	838	651
Contributions to pension schemes	1,375	1,183
Housing subsidies	396	360
	14,123	12,650

(a) Five highest paid individuals

One (2024: None) of the Directors are the five individuals whose emoluments were the highest in the Group for the years ended 31 December 2025 and 2024 and the emoluments of the Directors are reflected in the analysis presented in Note 33. Details of the emoluments of the remaining highest paid or payables to non-directors individuals during the years ended 31 December 2025 and 2024 are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Wages, salaries, and allowances	341	535
Bonuses	–	–
Welfare and other expenses	–	8
Social insurance	21	24
Contributions to pension schemes	35	39
Housing subsidies	11	13
	408	619

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 Employee benefit expenses (continued)

(a) Five highest paid individuals (continued)

The emoluments to the five highest paid non-director individuals fell within the following bands:

	Year ended 31 December	
	2025	2024
Emolument bands Less than HKD1,000,000	4	5

For the years ended 31 December 2025 and 2024, there was no emolument paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10 Finance income and costs, net

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Interest income:		
– Bank deposits	253	606
– Loans to a related party (Note 32(f))	–	737
– Imputed interest income on trade receivables	28	998
Total finance income	281	2,341
Interest expense:		
– Bank borrowings	(3,195)	(2,986)
– Interest expense on lease liabilities	(143)	(147)
– Imputed interest expense on trade payables	(159)	(390)
Total finance costs	(3,497)	(3,523)
Net finance costs	(3,216)	(1,182)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Income tax expense

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current income tax:		
– PRC enterprise income tax	11,423	11,319
– Deferred income tax (Note 29)	(204)	(102)
	11,219	11,217

A reconciliation of the tax charge applicable to profit before income tax using the applicable tax rates for relevant tax jurisdictions to the tax expenses is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before income tax	40,119	41,441
Tax calculated at PRC statutory income tax rates (25%)	10,030	10,360
– Differential income tax rates applicable to certain entities comprising the Group (Notes (a) (b) (c))	1,177	19
– Expenses not deductible for taxation purposes	113	312
– Others	(101)	526
Income tax expense	11,219	11,217

(a) Cayman Islands Income Tax

The Company is incorporated under the law of the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) British Virgin Islands Income Tax

Under the current laws of the BVI, the BVI subsidiary is not subject to tax on its income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the BVI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Income tax expense (continued)

(c) Hong Kong Profits Tax

No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the years ended 31 December 2025 and 2024.

(d) PRC Enterprise Income Tax ("EIT")

The income tax of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits for the years ended 31 December 2025 and 2024.

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% withholding tax ("WHT"). If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be 5%.

During the years ended 31 December 2025 and 2024, the Group does not have any plan for its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand its business in the PRC. Accordingly, no deferred income tax liability on WHT was accrued as of the end of each year.

12. Other comprehensive income

Tax effect relating to each component of other comprehensive income:

	Year ended 31 December 2025		
	Before-tax amount <i>RMB'000</i>	Tax expenses/ (benefits) <i>RMB'000</i>	Net-of-tax amount <i>RMB'000</i>
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment and right-of-use assets on transfer to investment property	2,299	(575)	1,724

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Earnings per share

Basic earnings per share for the years ended 31 December 2025 and 2024 are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	Year ended 31 December	
	2025	2024
Profit attributable to owners of the Company (RMB'000)	28,395	30,021
Weighted average number of issued ordinary shares	440,000,000	440,000,000
Basic earnings per share (expressed in RMB per share)	0.06	0.07

As the Company has no dilutive instruments during the years ended 31 December 2025 and 2024, the Group's diluted earnings per share equals to its basic earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Property, plant and equipment

	Buildings	Gas pipelines	Machinery and equipment (Note (i))	Motor vehicles, furniture and fittings	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025						
Cost	18,099	196,739	28,385	5,034	195	248,452
Accumulated depreciation	(9,604)	(62,240)	(23,632)	(2,979)	–	(98,455)
Net book amount	8,495	134,499	4,753	2,055	195	149,997
Year ended 31 December 2025						
Opening net book amount	8,495	134,499	4,753	2,055	195	149,997
Additions	–	8,450	–	–	–	8,450
Transfer to investment properties (Note 15)	(1,745)	–	–	–	–	(1,745)
Transfers	–	65	–	–	(65)	–
Written off	–	(27)	–	(16)	–	(43)
Depreciation charges	(512)	(9,795)	(861)	(443)	–	(11,611)
Closing net book amount	6,238	133,192	3,892	1,596	130	145,048
As at 31 December 2025						
Cost	15,188	204,729	28,385	4,390	130	252,822
Accumulated depreciation	(8,950)	(71,537)	(24,493)	(2,794)	–	(107,774)
Net book amount	6,238	133,192	3,892	1,596	130	145,048
As at 1 January 2024						
Cost	18,099	170,363	28,325	5,822	6,072	228,681
Accumulated depreciation	(8,795)	(53,340)	(22,104)	(3,195)	–	(87,434)
Net book amount	9,304	117,023	6,221	2,627	6,072	141,247
Year ended 31 December 2024						
Opening net book amount	9,304	117,023	6,221	2,627	6,072	141,247
Additions	–	449	60	70	20,344	20,923
Transfers	–	26,221	–	–	(26,221)	–
Disposals	–	–	–	(173)	–	(173)
Written off	–	(194)	–	–	–	(194)
Depreciation charges	(809)	(9,000)	(1,528)	(469)	–	(11,806)
Closing net book amount	8,495	134,499	4,753	2,055	195	149,997
As at 31 December 2024						
Cost	18,099	196,739	28,385	5,034	195	248,452
Accumulated depreciation	(9,604)	(62,240)	(23,632)	(2,979)	–	(98,455)
Net book amount	8,495	134,499	4,753	2,055	195	149,997

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Property, plant and equipment (continued)

Note (i):

The machinery and equipment including the machinery and equipment leased out under operating leases with carrying amount RMB1,335,000 (2024:RMB Nil).

Depreciation charged to profit or loss and capitalised as construction in progress is analysed as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of sales	10,870	11,635
Administrative expenses	741	171
	11,611	11,806
Capitalised as construction in progress	–	–
	11,611	11,806

The Group was in the process of applying the ownership certificates for certain buildings as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Net book amount of buildings without ownership certificates	1,624	1,871

The Directors are of the view that the Group is entitled to the lawful and valid occupancy and uses of these buildings and the related ownership certificates will be obtained in due course. The Directors are also of the opinion that the uses of these buildings without the ownership certificates for the Group's business operations for the time being will not expose the Group to any significant penalties or unfavourable consequences.

The Directors of the Company considered that the Group is able to control the significant residual interests in its gas pipeline facilities at the expiry of the related concession agreements. As such, the Directors concluded that the gas pipeline facilities and the related concession do not fall within the scope of HK(IFRIC) Interpretation 12 "Service Concession Arrangements".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Investment properties

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Opening balance at beginning of the year	68,200	69,000
Addition – transferred from property, plant and equipment (Note 14)	1,745	–
Addition – transferred from land use rights under right-of-use assets (Note 16)	3,100	–
Increase in fair value recognised in other comprehensive income (Note 12)	2,299	–
Net loss from fair value adjustments (Note 7)	(3,213)	(800)
Closing balance at end of the year	72,131	68,200

During the years ended 31 December 2025 and 2024, rental income arising from leasing of investment properties, leased machinery and equipment and other losses from the fair value changes of the investment properties are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Rental income	4,006	3,578
Losses recognised for the year (Note 7)	(3,213)	(800)

The investment properties are freehold and located at No. 2268 West Shi'an Road, Mishui Jiedao, Gaomi, Weifang, Shandong Province, the PRC, Longtan Road CNG-LNG Station, No. 3589 Ze'an Avenue, Gaomi, Weifang, Shandong Province, the PRC and Second CNG Station (South Station), No. 2366, Gucheng Road (South), Mishui Subdistrict, Gaomi, Weifang, Shandong Province, the PRC. They are held under long-term lease in PRC. The properties are occupied as a retail/wholesale outlet, CNG and LNG refueling stations.

Independent valuation of the investment properties were performed by independent professionally qualified valuer, PSA (HK) Surveyors Limited (2024: APAC Assets Valuation and Consulting Limited), who holds a recognised professional qualification and has experience of the investment properties valued. Investment properties which were valued by direct comparison approach and income approach. For direct comparison approach, where comparison is made based on prices realised or market prices of comparable properties. Comparable properties of similar size, character and location are carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Investment properties (continued)

When fair value is determined by applying the income approach, using the discounted cash flow method, based on the estimated rental value of the property. The valuation takes into account which the property would be fully occupied and rental income of the property. The discount rates have been adjusted for the condition and location of the building.

The investment properties (including the machinery and equipment leased out under operating leases) held have committed tenants for the next 1 to 4 years (2024: 2 years). At the years ended 31 December 2025 and 2024, the Group had contracted with tenants for the following minimum lease payments (including value-added tax):

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Within one year	4,700	3,900
In the second to fifth years inclusive	1,612	3,900

Net rental income

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Gross rental income	4,006	3,578
Less: Direct operating expenses	(878)	(362)
Net rental income	3,128	3,216

Direct operating expenses included repairs and maintenance expenses arising from investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Right-of-use assets

	Land use rights RMB'000	Leased properties RMB'000	Total RMB'000
As at 1 January 2025			
Cost	10,057	3,541	13,598
Accumulated amortisation	(1,841)	(2,061)	(3,902)
Net book amount	8,216	1,480	9,696
Year ended 31 December 2025			
Opening net book amount	8,216	1,480	9,696
Transfer to investment properties (Note 15)	(3,100)	–	(3,100)
Modification	–	330	330
Amortisation charges (Note 8)	(149)	(444)	(593)
Closing net book amount	4,967	1,366	6,333
As at 31 December 2025			
Cost	5,799	3,871	9,670
Accumulated amortisation	(832)	(2,505)	(3,337)
Net book amount	4,967	1,366	6,333
As at 1 January 2024			
Cost	10,057	3,211	13,268
Accumulated amortisation	(1,593)	(1,617)	(3,210)
Net book amount	8,464	1,594	10,058
Year ended 31 December 2024			
Opening net book amount	8,464	1,594	10,058
Modification	–	330	330
Amortisation charges (Note 8)	(248)	(444)	(692)
Closing net book amount	8,216	1,480	9,696
As at 31 December 2024			
Cost	10,057	3,541	13,598
Accumulated amortisation	(1,841)	(2,061)	(3,902)
Net book amount	8,216	1,480	9,696

Amortisation of the Group charged to profit or loss is analysed as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of sales	324	490
Administrative expenses	269	202
	593	692

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Intangible assets

	Goodwill <i>RMB'000</i>	Software licenses <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2025			
Cost	4,218	3,347	7,565
Accumulated amortisation	–	(1,185)	(1,185)
Net book amount	4,218	2,162	6,380
Year ended 31 December 2025			
Opening net book amount	4,218	2,162	6,380
Amortisation charges (Note 8)	–	(470)	(470)
Closing net book amount	4,218	1,692	5,910
As at 31 December 2025			
Cost	4,218	3,287	7,505
Accumulated amortisation	–	(1,595)	(1,595)
Net book amount	4,218	1,692	5,910
As at 1 January 2024			
Cost	4,218	2,309	6,527
Accumulated amortisation	–	(800)	(800)
Net book amount	4,218	1,509	5,727
Year ended 31 December 2024			
Opening net book amount	4,218	1,509	5,727
Additions	–	1,038	1,038
Amortisation charges (Note 8)	–	(385)	(385)
Closing net book amount	4,218	2,162	6,380
As at 31 December 2024			
Cost	4,218	3,347	7,565
Accumulated amortisation	–	(1,185)	(1,185)
Net book amount	4,218	2,162	6,380

The amortisation of software licenses has been charged to administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Intangible assets (continued)

(a) Goodwill

The goodwill arose from the acquisition of Gaomi Jiaoyun Shihua Natural Gas Co., Ltd. (高密市交運實華天然氣有限公司) (“Jiaoyun Shihua”) and was allocated to the CGU of Jiaoyun Shihua for impairment testing.

Management performed an impairment assessment on the goodwill at the end of each year and concluded that no impairment charge has to be recognised. The recoverable amount of the CGU of Jiaoyun Shihua has been determined based on a value-in-use calculation using cash flow projection based on a financial budget covering a five-year period approved by management.

The following table sets out each key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December	
	2025	2024
Revenue annual growth rate – average of the forecast period	1%	2%
Gross margin	17% – 57%	14% – 21%
Pre-tax discount rate	13%	13%

Based on the result of the goodwill impairment testing, the estimated recoverable amount of the CGU far exceeded its carrying amount and the headroom was as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Headroom	4,494	17,936

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Intangible assets (continued)

(a) Goodwill (continued)

The Group has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom as at 31 December 2025:

	As at 31 December	
	2025	2024
Revenue	-10%	-14%
Gross profit margin (% of revenue)	-3%	-12%
Pre-tax discount rate	+1%	+52%

Management has also concluded that there is no reasonably possible change to a key assumption used in determining recoverable amount that would cause the CGU's carrying amount to exceed its recoverable amount.

18 Financial instruments by category

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Financial assets at amortised cost		
Trade and other receivables (Note 20)	93,062	89,498
Cash and bank balances (Note 23)	221,396	224,160
	314,458	313,658
Financial liabilities at amortised cost		
Borrowings (Note 27)	68,290	60,072
Trade and other payables (excluding salaries and staff welfare payable and tax payable)	52,045	64,080
Lease liabilities (Note 28)	1,931	2,013
	122,266	126,165

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Other non-current assets

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Prepayments for		
– Land use rights	4,188	4,188
– Gas pipelines maintenance services	–	484
– Service charges	–	676
– Property, plant and equipment	182	188
	4,370	5,536

20 Trade and other receivables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Non-current		
Trade receivables		
– Third parties	6,694	11,460
Less: provision for impairment of trade receivables	(202)	(514)
	6,492	10,946
Current		
Trade receivables		
– Related parties (Note 32(h))	5,217	3,819
– Third parties	72,141	71,112
Less: provision for impairment of trade receivables	(1,510)	(3,133)
Trade receivables – net	75,848	71,798
Other receivables		
– Related parties (Note 32(h))	10,400	6,500
– Third parties	25,954	25,690
	36,354	32,190
Less: provision for impairment of other receivables	(25,632)	(25,436)
Other receivables – net	10,722	6,754
	86,570	78,552
Total trade and other receivables, net	93,062	89,498

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Trade and other receivables (continued)

- (a) Aging analysis of trade receivables (before impairment) at each balance sheet date based on their initial recognition dates were as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 1 year	9,867	16,849
1 – 2 years	16,512	17,909
2 – 3 years	12,813	28,986
Over 3 years	44,860	22,647
	84,052	86,391

Trade receivables are mainly recorded based on the dates of transaction. The aging of trade receivables based on their initial recognition dates is basically by reference to their respective dates of invoice.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables. Note 3.1 provides for details about the calculation of the allowance.

The Group entered into agreements with local governments in the Gaomi City for the sales of certain gas-burning appliance and the provision of certain construction and installation services (the "clean energy projects", namely 2021 projects and 2023 projects). Pursuant to the settlement terms as set out in the aforesaid agreements, the local governments will settle the related receivables balances by annual instalments over a period of six years that 95% of outstanding amount will be settled within 3 years and the remaining 5% will be settled within 6 years. As at 31 December 2025 and 2024, trade receivables of the clean energy projects amounted to RMB72,388,000 and RMB79,168,000 respectively. The portion which are not expected to be recovered by the Group within the next twelve months from the balance sheet date has been classified as non-current trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Trade and other receivables (continued)

- (a) Aging analysis of trade receivables (before impairment) at each balance sheet date based on their initial recognition dates were as follows: (continued)

The Company's management assessed the underlying asset base of these receivables (i.e. the clean energy projects) and, having regard to their long-term credit characteristics and statutory repayment safeguards, that the bad-debt risk associated with these receivables has not materially changed during the years ended 31 December 2025 and 2024 and adequate loss allowances are provided, in particular:

- 1) Nature of the obligations: These receivables subject to fiscal affordability review and incorporation into medium-to long-term budget planning which are consistent with market practice for public-sector receivables, and in the absence of specific indicators of loss, incremental impairment is not proposed;
 - 2) Repayment source: Repayments are ultimately expected to come from government fund budgets or earmarked fiscal funds, rather than from Gaomi City's routine general fiscal revenues as these payments are channelled through ring-fenced budget lines with dedicated appropriation procedures and they are less directly exposed to pressures on the general public budget;
 - 3) Priority of payment: Clean energy projects are considered directly on-budget debts, protected by the Government Investment Regulations and given a higher priority for recovery;
 - 4) Long-term solution: Gaomi City's debt resolution plan is a long-term systematic arrangement and by referring to the plan's overall feasibility, the risk has not increased significantly;
 - 5) Annual instalments: Local governments in Gaomi city keep on settle receivables to the Group by annually with historical patterns in the prior and current years.
- (b) Other receivables are unsecured, interest free and repayable on demand.
- (c) The carrying amounts of trade and other receivables are all denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Trade and other receivables (continued)

(d) Movements in allowance for impairment of trade receivables is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At beginning of the year	3,647	3,538
Provision	–	109
Reversal	(1,935)	–
At the end of the year	1,712	3,647

The carrying amounts of trade receivables approximate their fair values.

(e) Movement of provision for impairment of other receivables is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At beginning of the year	25,436	25,786
Provision	196	13
Reversal	–	(363)
At the end of the year	25,632	25,436

The carrying amounts of other receivables approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Prepayments and other current assets

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Prepayments for:		
– Natural gas and other construction materials	17,261	15,367
– Others	992	616
	18,253	15,983

22 Inventories

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Natural gas and other construction materials	7,383	7,624
Gas-burning appliance	638	963
	8,021	8,587

The inventories recognised as expenses and included in cost of sales are analysed as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Natural gas (Note 8)	243,238	268,566
Construction materials (Note 8)	188	613
Gas-burning appliance (Note 8)	789	9,291
	244,215	278,470

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Cash and bank balances

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cash at banks and on hand	221,246	209,010
Cash and cash equivalents	221,246	209,010
Bank deposits with original maturities over three months	–	15,000
Restricted cash	150	150
	150	15,150
Cash and bank balances	221,396	224,160

During 2024, the bank deposits had maturities of 12 months, the earn interest rate on bank deposits is 2.15% per annum (“p.a.”).

The carrying amounts of cash and bank balances of the Group approximate their fair values and are denominated in the following currencies:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cash at banks and on hand		
– Denominated in HKD	15,372	42,607
– Denominated in RMB	205,874	166,403
Bank deposits with original maturities over three months		
– Denominated in RMB	–	15,000
Restricted cash	150	150
	221,396	224,160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 Share capital

	The Company	
	Number of shares	Nominal value <i>USD</i>
Authorised: 2,000,000,000 ordinary shares of USD0.0001 each as at 1 January 2024, 31 December 2024 and 31 December 2025	2,000,000,000	200,000

	The Company		
	Number of shares	Nominal value <i>USD</i>	Share capital <i>RMB'000</i>
Issued: As at 1 January 2024, 31 December 2024 and 31 December 2025	440,000,000	44,000	310

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 Share premium and reserves

	Reserves						Sub-total RMB'000	Total RMB'000
	Share premium RMB'000	Statutory reserve RMB'000	Safety fund RMB'000	Property revaluation reserve RMB'000	Other reserves RMB'000			
Balance on 1 January 2025	225,899	25,261	11,318	-	(117,134)	(80,555)	145,344	
Other comprehensive income:								
• Revaluation of property, plant and equipment and right-of use assets on transfer to investment properties	-	-	-	1,207	-	1,207	1,207	
Profit appropriation to statutory reserves	-	3,220	-	-	-	3,220	3,220	
Safety fund								
– appropriation	-	-	5,553	-	-	5,553	5,553	
– utilization	-	-	(5,553)	-	-	(5,553)	(5,553)	
Dividend recognised as distribution	(15,230)	-	-	-	-	-	(15,230)	
Balance on 31 December 2025	210,669	28,481	11,318	1,207	(117,134)	(76,128)	134,541	
Balance on 1 January 2024	238,947	22,354	12,265	-	(117,134)	(82,515)	156,432	
Profit appropriation to statutory reserves	-	2,907	-	-	-	2,907	2,907	
Safety fund								
– appropriation	-	-	3,693	-	-	3,693	3,693	
– utilization	-	-	(4,640)	-	-	(4,640)	(4,640)	
Dividend recognised as distribution	(13,048)	-	-	-	-	-	(13,048)	
Balance on 31 December 2024	225,899	25,261	11,318	-	(117,134)	(80,555)	145,344	

a. Statutory reserve

In accordance with the relevant laws and regulations of the PRC, when distributing the net profit of each year, the Company's subsidiaries in the PRC shall set aside 10% of its profit after income tax (based on the PRC statutory financial statements and after offsetting accumulated losses from prior years) for the statutory reserve fund (except where the reserve balance has reached 50% of the paid-in capital).

Statutory reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 Share premium and reserves (Continued)

b. Safety fund

Entities operating in dangerous goods production and storage industry are required to maintain a reserve of safety fund which is to be appropriated based on entities' actual revenue on natural gas distribution from the previous year in accordance with rules and regulations as established by the Ministry of Finance and Administration of Work Safety. The safety fund should be utilised specifically for the actual expenditure being used to complete and enhance the entities' safety environments. The safety fund is appropriated from retained earnings and is accumulated and credited to reserves. Upon the Group has actually incurred the qualifying safety expenditure, the expenditure being incurred will be expensed as cost of sales and an equivalent amount will be deducted from reserves accordingly.

c. Property revaluation reserve

It represents gains/losses arising on revaluation of property, plant and equipment and right-of-use assets on transfer to investment properties.

26 Trade and other payables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Non-current		
Trade payables		
– Third parties	2,973	13,534
Current		
Trade payables		
– Third parties	38,788	40,415
– Related parties (Note 32(h))	5,077	4,141
	43,865	44,556
Other payables		
– Value-added tax payable	10,360	11,364
– Other taxes payable	377	398
– Amounts due to related parties (Note 32(h))	2,279	1,817
– Listing expenses payable	61	–
– Salaries and staff welfare payable	1,619	3,072
– Dividend payable	338	226
– Others	2,529	3,947
	17,563	20,824
	61,428	65,380
Total trade and other payables	64,401	78,914

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26 Trade and other payables (continued)

- (a) Aging analysis of trade payables at each balance sheet date based on their initial recognition dates is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Less than 1 year	8,251	27,596
1 – 2 years	15,784	20,399
2 – 3 years	14,069	6,812
Over 3 years	8,734	3,283
	46,838	58,090

Trade payables are mainly recorded based on the dates of transaction. The aging of trade payables based on their recording dates is basically by reference to their respective dates of invoice.

- (b) The carrying amounts of trade and other payables are all denominated in RMB.
- (c) The carrying amounts of trade and other payables approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27 Borrowings

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Current		
Bank borrowings		
– Guaranteed by related parties	59,200	59,990
Interest payable	80	82
	59,280	60,072
Non-Current		
Bank borrowings		
– Guaranteed by related parties	9,000	–
Interest payable	10	–
	9,010	–
Total Borrowings Balance	68,290	60,072

As at 31 December 2025, bank borrowings of RMB68,200,000 (2024: RMB59,990,000) were guaranteed by certain related parties (Note 32 (d)).

- As at 31 December 2025, the Group's borrowings were repayable within 3 years (2024: within 1 year), the exposure of the Group's borrowings to interest rate changes and the contractual repricing or maturity dates at the end of the year are less than 36 months (2024: less than 12 months).
- The carrying amount of the Group's borrowings are not materially different from their fair value as at each balance sheet date.
- The average interest rates applicable to the Group's borrowings are summarised below.

	Year ended 31 December	
	2025	2024
Bank borrowings	4.3% p.a.	4.5% p.a.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28 Leases

(a) Amounts recognised in balance sheets in connection with leases

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Right-of-use assets (Note 16)		
– Land use rights	4,967	8,216
– Leased properties	1,366	1,480
	6,333	9,696
Lease liabilities		
– Current	200	209
– Non-current	1,731	1,804
	1,931	2,013

(b) Amounts recognised in profit or loss in connection with leases

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Depreciation charge (Note 16)		
– Leased properties	444	444
– Land use rights	149	248
	593	692
Interest expenses (Note 10)	143	147

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28 Leases (continued)

(c) A maturity analysis of lease liabilities is shown in the table below:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Leases are payable:		
Within 1 year	213	209
Between 1 and 2 years	217	213
Between 2 and 5 years	1,153	1,131
Over 5 years	1,274	1,513
Minimum lease payments	2,857	3,066
Future finance charges	(926)	(1,053)
	1,931	2,013

29 Deferred income tax

The analysis of deferred income tax assets/(liabilities) is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Deferred income tax assets:		
– be recovered within 12 months	51	50
– to be recovered more than 12 months	7,321	7,922
	7,372	7,972
Set-off of deferred income tax liabilities pursuant to set-off provisions	(7,372)	(7,972)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29 Deferred income tax (continued)

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Deferred income tax liabilities:		
– be settled within 12 months	(29)	(28)
– to be settled more than 12 months	(15,397)	(15,627)
	(15,426)	(15,655)
Set-off of deferred income tax assets pursuant to set-off provisions	7,372	7,972
	(8,054)	(7,683)

The movement of deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of the balances within the same tax jurisdiction, is as below:

The gross movement on the deferred income tax assets account is as follows:

	Impairment loss on financial assets and contract assets RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2025	7,373	487	112	7,972
Debited to profit or loss	(536)	(4)	(60)	(600)
As at 31 December 2025	6,837	483	52	7,372
As at 1 January 2024	7,362	521	244	8,127
Credited/(Debited) to profit or loss	11	(34)	(132)	(155)
As at 31 December 2024	7,373	487	112	7,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29 Deferred income tax (continued)

The gross movement on the deferred income tax liabilities account is as follows:

	Investment properties <i>RMB'000</i>	Right-of- use assets <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2025	(15,313)	(342)	(15,655)
Credited to profit or loss	803	1	804
Credited to other comprehensive income	(575)	–	(575)
As at 31 December 2025	(15,085)	(341)	(15,426)
As at 1 January 2024	(15,513)	(399)	(15,912)
Credited to profit or loss	200	57	257
As at 31 December 2024	(15,313)	(342)	(15,655)

30 Dividends

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Dividend recognised as distribution during the year:		
Final dividend paid RMB0.031 for 2023 (equivalent to HKD0.033) per share	–	13,048
Final dividend paid RMB0.035 for 2024 (equivalent to HKD0.037) per share	15,230	–
	15,230	13,048

The final dividend of approximately HKD0.011 in respect of the year ended 31 December 2025 (2024: HKD0.037) has been recommended by the Board and will be subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 Cash generated from operations

(a) Cash generated from operations

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before income tax	40,119	41,441
Adjustments for:		
– Depreciation of property, plant and equipment (Note 14)	11,611	11,806
– Depreciation of right-of-use asset (Note 16)	593	692
– Amortisation of intangible assets (Note 17)	470	385
– Gains on disposal of property, plant and equipment	–	(48)
– Write off of property, plant and equipment	43	194
– Reversal/provision of net impairment losses on financial assets	(2,144)	42
– Fair value losses on investment properties (Note 7)	3,213	800
– Gains on disposal of financial assets at fair value through profit or loss	–	(1,612)
– Foreign exchange gains on operating activities (Note 7)	13	(525)
– Finance costs (Note 10)	3,497	3,523
– Finance income (Note 10)	(281)	(2,341)
	57,134	54,357
Changes in working capital:		
– Restricted cash	–	187
– Inventories	566	1,860
– Trade and other receivables	(1,825)	(16,635)
– Prepayments and other current assets	(1,104)	10,427
– Contract assets	7,408	(8,478)
– Trade and other payables	(14,942)	11,125
– Contract liabilities	(25,736)	(10,992)
Cash generated from operations	21,501	41,851

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 Cash generated from operations (continued)

(b) Proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net book amount (Note 14)	–	173
Net gains on disposal of property, plant and equipment	–	48
Proceeds from disposal of property, plant and equipment	–	221

(c) Summary of net debt

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	221,246	209,010
Borrowings – repayable within 1 year	(59,280)	(60,072)
Borrowings – repayable after 1 year	(9,010)	–
Lease liabilities – repayable within 1 year	(200)	(209)
Lease liabilities – repayable after 1 year	(1,731)	(1,804)
Net debt	151,025	146,925
Cash and cash equivalents	221,246	209,010
Gross debt – fixed interest rates	(70,221)	(62,085)
Net debt	151,025	146,925

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 Cash generated from operations (continued)

(d) Reconciliation for liabilities from financing activities

	Liabilities from financing activities		
	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2025	60,072	2,013	62,085
Proceeds from borrowings	89,190	–	89,190
Repayment of borrowings	(80,980)	–	(80,980)
Lease modification	–	330	330
Interest charged	3,338	143	3,481
Interest paid	(3,330)	–	(3,330)
Other non-cash movements	–	(555)	(555)
As at 31 December 2025	68,290	1,931	70,221
As at 1 January 2024	40,045	2,086	42,131
Proceeds from borrowings	59,990	–	59,990
Repayment of borrowings	(40,000)	–	(40,000)
Lease modification	–	330	330
Interest charged	2,986	147	3,133
Interest paid	(2,949)	–	(2,949)
Other non-cash movements	–	(550)	(550)
As at 31 December 2024	60,072	2,013	62,085

32 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are under common control or joint control in the shareholder' families. Members of key management and their close family member of the Group are also considered as related parties.

In addition to the related party transactions as disclosed in Notes 32 to the consolidated financial statements, the following is a summary of the significant transactions took place between the Group and its related parties at terms as mutually agreed among the parties concerned during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 Related party transactions (continued)

(a) Names and relationships with related parties

The following companies and individuals are significant related parties of the Group that had significant transactions and/or balances with the Group during the years ended 31 December 2025 and 2024.

Names of the major related parties	Nature of relationship
Mr. Luan Xiaolong	Director and one of the ultimate beneficial owners of the Company
Mr. Luan Linjiang*	Director and one of the ultimate beneficial owners of the Company, the father of Mr. Luan Xiaolong
Ms. Cui Shuhua	The spouse of Mr. Luan Linjiang
Ms. Zhou Zhan	The spouse of Mr. Luan Xiaolong
Gaomi Jiaoyun Group Co., Ltd. (高密市交運集團有限公司) (“ Gaomi Jiaoyun ”)	Controlled by Mr. Luan Xiaolong
Gaomi Jiaoyun Market Co., Ltd. (高密市交運市場有限公司) (“ Jiaoyun Market ”)	Controlled by Mr. Luan Linjiang
Jiaoyun Property	Controlled by Mr. Luan Linjiang
Gaomi Guorui Real Estate Co., Ltd. (高密國瑞置業有限公司) (“ Guorui Real Estate ”)	Indirectly controlled by Mr. Luan Xiaolong
Gaomi Jiaoyun Construction Machinery Co., Ltd. (高密交運工程機械有限公司) (“ Jiaoyun Construction Machinery ”)	Indirectly controlled by Mr. Luan Linjiang
Gaomi Yuanhua Trading Co., Ltd. (高密市遠華貿易有限公司) (“ Yuanhua Trading ”)	Indirectly controlled by Mr. Luan Xiaolong
Shandong Shihua Natural Gas Co., Ltd. (山東實華天然氣有限公司) (“ Shandong Shihua ”)	Minority shareholder of Jiaoyun Shihua
Shandong Gaomi Traffic Car Transport Co., Ltd. (山東高密市交運汽車運輸有限公司) (“ Jiaoyun Car Transport ”)	Indirectly controlled by Mr. Luan Xiaolong
Gaomi Jiaoyun Taxi Co., Ltd. (高密市交運出租車有限公司) (“ Jiaoyun Taxi ”)	A subsidiary of Jiaoyun Car Transport and indirectly controlled by Mr. Luan Xiaolong
Gaomi Jiaoyun Thermal Co., Ltd. (高密市交運熱力有限公司) (“ Jiaoyun Thermal ”)	Controlled by Mr. Luan Xiaolong

* Mr. Luan Linjiang ceased to hold (directly or indirectly) any shares of the Company since 15 August 2024, and resigned as director of the Company with effect from 1 September 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 Related party transactions (continued)

(b) Purchases of goods and services

(i) Purchases of goods

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Shandong Shihua*	161,307	166,978

(ii) Purchases of subcontract services

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Jiaoyun Property*	965	3,881

(c) Provision of construction and installation services and sales of goods

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Jiaoyun Property**	403	1,280
Guorui Real Estate	–	90
	403	1,370

* These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, which indicates purchasing goods and subcontract services from Shandong Shihua and Jiaoyun Property.

** These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, which indicates provision of construction and installation services to Jiaoyun Property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 Related party transactions (continued)

(d) Guarantees provided by related parties for borrowings

As at 31 December 2025, bank borrowings of RMB49,700,000 were guaranteed by Jiaoyun Thermal, Jiaoyun Property, Mr. Luan Linjiang, Ms. Cui Shuhua, Mr. Luan Xiaolong and Ms. Zhou Zhan; bank borrowings of RMB9,500,000 were guaranteed by Gaomi Jiaoyun, Mr. Luan Xiaolong and Ms. Zhou Zhan; bank borrowings of RMB9,000,000 were guaranteed by Gaomi Jiaoyun, Mr. Luan Linjiang, Mr. Luan Xiaolong, Ms. Cui Shuhua and Ms. Zhou Zhan (Note 27).

As at 31 December 2024, bank borrowings of RMB19,990,000 were guaranteed by Jiaoyun Thermal, Jiaoyun Property, Mr. Luan Linjiang, Ms. Cui Shuhua, Mr. Luan Xiaolong, Ms. Zhou Zhan and Mr. Luan Linxin; bank borrowing of RMB30,000,000 were guaranteed by Jiaoyun Thermal, Jiaoyun Property, Mr. Luan Linjiang, Ms. Cui Shuhua, Mr. Luan Xiaolong and Ms. Zhou Zhan; and bank borrowing of RMB10,000,000 was guaranteed by Mr. Luan Xiaolong, Ms. Zhou Zhan and Gaomi Jiaoyun (Note 27).

(e) Property leasing

(i) Rental income

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Jiaoyun Market***	3,578	3,578

(ii) Rental expenses

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Mr. Luan Linjiang	311	311
Jiaoyun Car Transport	194	194
	505	505

*** These transactions are continuing connected transactions that have complied with the disclosure requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, which indicates leasing to Jiaoyun Market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 Related party transactions (continued)

(f) Loans to a related party

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At beginning of the year	–	68,115
Loans advanced	–	–
Repayments during the year	–	(69,215)
Interest charged (Note 10)	–	737
	–	(363)
Reversal of loss allowance	–	363
At end of the year	–	–

During the periods from September to November 2023 and December 2023, the Group provided a series of short-term loans to Jiaoyun Property with a fixed interest rate of 6% p.a.. As of 31 December 2023, the outstanding loan balance and related interest receivables due from Jiaoyun Property of RMB68,000,000 and RMB478,000 respectively, had been fully settled on 5 March 2024.

(g) Expenses of seconded employees

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Shandong Shihua	242	242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 Related party transactions (continued)

(h) Year-end balances between related parties

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Receivables from related parties		
Trade receivables (Note 20)		
– Jiaoyun Property	3,723	2,328
– Jiaoyun Taxi	904	903
– Guorui Real Estate	590	588
	5,217	3,819
Other receivables (Note 20)		
– Jiaoyun Market	10,400	6,500
	10,400	6,500
Prepayments		
– Shandong Shihua	13,390	13,009
	13,390	13,009

All the trade and other receivables and prepayment balances with related parties are trade in nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 Related party transactions (continued)

(h) Year-end balances between related parties (continued)

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Payables to related parties		
Trade payables		
– Yuanhua Trading	544	574
– Jiaoyun Construction Machinery	39	39
– Jiaoyun Property	4,494	3,528
	5,077	4,141
Other payables		
– Mr. Luan Linjiang	1,026	549
– QMIG	–	226
– Jiaoyun Property	413	413
– Jiaoyun Car Transport	840	629
	2,279	1,817

All the trade and other payable balances with related parties are trade in nature.

(i) Key management compensation

Key management includes directors and respective department heads. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries and other short-term employee benefits		
– Directors	710	322
– Other key management	386	403
	1,096	725

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33 Benefits and interests of directors

Directors' emoluments

The remuneration of every director is set out below:

For the year ended 31 December 2025:

Name	Contributions						Total RMB'000
	Fees RMB'000	Salary RMB'000	Bonus RMB'000	to pension schemes RMB'000	Social benefits RMB'000	Housing subsidies RMB'000	
Mr. Luan Linjiang	-	66	-	-	-	-	66
Mr. Luan Xiaolong	-	339	-	23	5	3	370
Mr. Luan Linxin	-	27	-	-	-	-	27
Mr. Lui Chunpong	73	-	-	4	-	-	77
Ms. Xu Huanxia	-	20	-	-	-	-	20
Mr. Wei Yi	50	-	-	-	-	-	50
Mr. Tian Qiang	50	-	-	-	-	-	50
Ms. Liu Xiaoye	50	-	-	-	-	-	50
	223	452	-	27	5	3	710

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33 Benefits and interests of directors (continued)

Directors' emoluments (continued)

For the year ended 31 December 2024:

Name	Fees <i>RMB'000</i>	Salary <i>RMB'000</i>	Bonus <i>RMB'000</i>	Contributions to pension schemes <i>RMB'000</i>	Social benefits <i>RMB'000</i>	Housing subsidies <i>RMB'000</i>	Total <i>RMB'000</i>
Mr. Luan Linjiang	–	71	–	–	–	–	71
Mr. Luan Xiaolong	–	55	–	8	5	3	71
Mr. Luan Linxin	–	30	–	–	–	–	30
Mr. Wei Yi	50	–	–	–	–	–	50
Mr. Tian Qiang	50	–	–	–	–	–	50
Ms. Liu Xiaoye	50	–	–	–	–	–	50
	150	156	–	8	5	3	322

During the year ended 31 December 2025, there was no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2024:Nil). In addition, none of the directors waived or agreed to waive any remuneration during the year (2024:Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Balance sheet and reserve movement of the Company

(a) Balance sheet of the Company

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Investments in subsidiaries		180,787	201,301
Current assets			
Cash and cash equivalents		15,356	13,143
Other receivables		1,803	1,803
Prepayment		137	–
		17,296	14,946
Total assets		198,083	216,247
Equity			
Share capital	24	310	310
Share premium	(b)	210,669	225,899
Accumulated losses	(b)	(13,679)	(10,188)
Total equity		197,300	216,021
Liabilities			
Current liabilities			
Other payables		783	226
Total liabilities		783	226
Total equity and liabilities		198,083	216,247

* The amount is less than RMB1,000.

The balance sheet of the Company was approved by the Board of Directors on 26 March 2026 and was signed on its behalf.

Luan Xiaolong
Chairman and executive director

Luan Linxin
Executive director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Balance sheet and reserve movement of the Company (continued)

(b) Reserve movement of the Company

	Note	Share premium RMB'000	Accumulated losses RMB'000
Balance at 1 January 2025		225,899	(10,188)
Comprehensive income			
Loss for the year		–	(3,491)
Total comprehensive income		–	(3,491)
Transactions with owners in their capacity as owners			
Dividends recognised as distribution	30	(15,230)	–
Total transactions with owners in their capacity as owners		(15,230)	–
Balance at 31 December 2025		210,669	(13,679)
Balance at 1 January 2024		238,947	(10,111)
Comprehensive income			
Loss for the year		–	(77)
Total comprehensive income		–	(77)
Transactions with owners in their capacity as owners			
Dividends recognised as distribution	30	(13,048)	–
Total transactions with owners in their capacity as owners		(13,048)	–
Balance at 31 December 2024		225,899	(10,188)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35 Subsidiaries

As at 31 December 2025 and 2024, the details of the subsidiaries of the Company are as follows:

Name of entity	Place and date of Incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued/ paid-in Capital/ registered capital	Effective equity interest held by the Group	
				2025 %	2024 %
Held by the Company					
JY GAS HOLDING LIMITED	British Virgin Islands, 23 March 2021, limited liability company	Investment holding, British Virgin Islands	Issued and fully paid capital USD1	100%	100%
QMRIG LIMITED	British Virgin Islands, 30 May 2021, limited liability company	Investment holding, British Virgin Islands	Issued and fully paid capital USD100	100%	100%
JY GAS HK Limited	Hong Kong, 22 April 2021, limited liability company	Investment holding, Hong Kong	Issued and fully paid capital HKD60,505,015	100%	100%
QMHC LIMITED	Hong Kong, 6 May 2021, limited liability company	Investment holding, Hong Kong	Issued and fully paid capital HKD100	100%	100%
Jiaoneng Energy Investment (Shandong) Co., Ltd.* (交能能源投資(山東)有限公司)	PRC, 28 May 2021, limited liability company	Investment holding, PRC	Registered and fully paid capital RMB53,362,848	100%	100%
Jiaoyun Gas	PRC, 14 July 2003, limited liability company	Operation of pipeline natural gas, PRC	Registered and fully paid capital RMB RMB116,068,925	100%	100%
Jiaoyun Shihua	PRC, 7 April 2013, limited liability company	Operation of sale of CNG and LNG, PRC	Registered and fully paid capital RMB35,000,000	70%	70%
Gangneng International Trade (Shandong) Co., Ltd.* ("Gangneng International") # (港能國際貿易(山東)有限公司)	PRC, 30 May 2023, limited liability company	Operation of international trading, PRC	Registered capital RMB10,000,000	N/A	100%

* English names of the subsidiaries are translated directly from their corresponding official Chinese names.

On 17 November 2025, one of the Company's wholly owned subsidiaries, JY Gas HK Limited, a company incorporated in Hong Kong with limited liability (the "Seller"), and Qingdao Pengteng Technology Co., Ltd., a company incorporated in the PRC with limited liability (the "Purchaser"), entered into an acquisition agreement, pursuant to which, the Seller decided to sell and the Purchaser agreed to purchase 100% of the registered capital of Gangneng International, with zero consideration, and the disposal of Gangneng Internal was completed on the same date.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results and of the consolidated assets, liabilities and equity of the Group for the last five financial years prepared on the basis hereunder stated is set out below:

CONSOLIDATED RESULTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	334,586	370,424	403,488	475,531	440,894
Profit before income tax	40,119	41,441	36,127	71,881	91,508
Income tax expense	(11,219)	(11,217)	(10,908)	(19,905)	(23,134)
Profit and total comprehensive income for the year	30,624	30,224	25,219	51,976	68,374
Attributable to:					
Equity shareholders of the Company	29,602	30,021	24,538	50,801	67,505
Non-controlling interests	1,022	203	681	1,175	869

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Assets					
Non-current assets	240,284	250,755	246,840	253,397	226,715
Current assets	337,783	337,828	302,447	247,977	91,500
Total assets	578,067	588,583	549,287	501,374	318,215
Liabilities					
Non-current liabilities	21,768	23,021	16,254	18,687	16,726
Current liabilities	226,959	251,616	236,263	193,485	192,269
Total liabilities	248,727	274,637	252,517	212,172	208,995
Net assets	329,340	313,946	296,770	289,202	109,220
Equity					
Equity attributable to shareholders of the Company	312,356	297,984	281,011	274,124	94,417
Non-controlling interests	16,984	15,962	15,759	15,078	14,803
Total Equity	329,340	313,946	296,770	289,202	109,220

DEFINITIONS

"2026 AGM" or "AGM"	the annual general meeting of the Group to be held on Wednesday, 17 June 2026
"Articles of Association"	the amended and restated articles of association of the Company
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"Board Committees"	the Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and ESG Committee
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules that was applicable to the year ended 31 December 2025
"CNG"	compressed natural gas
"Company"	JY GAS LIMITED (交運燃氣有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 9 March 2021
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company, namely, Mr. Luan Xiaolong, LXL Phoenix, SEGM Holding, and SDJY Holding, either as an individual or as a group of persons where the context requires
"Director(s)"	the directors of the Company
"ESG Committee"	the ESG committee of the Board
"Group", "we", "our" or "us"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"Jiaoyun Gas"	Gaomi Jiaoyun Natural Gas Co., Ltd.* (高密市交運天然氣有限公司), a limited liability company established in the PRC on 14 July 2003 and a wholly-owned subsidiary of the Company

DEFINITIONS (CONTINUED)

“Jiaoyun Group”	Gaomi Jiaoyun Group Co., Ltd.* (高密市交運集團有限公司) (formerly known as Gaomi Jiaoyun Investment Holding Co., Ltd.* (高密市交運控股有限公司)), a limited liability company established in the PRC on 20 January 2014 and is owned as to 75.06% by Mr. Luan Xiaolong and as to 24.94% by Mr. Luan Linjiang, hence it is a connected person of the Company
“Jiaoyun Property”	Gaomi Jiaoyun Property Co., Ltd.* (高密市交運置業有限公司), a limited liability company established in the PRC on 11 April 2006 and is owned as to 99.98% by Mr. Luan Linjiang and as to 0.02% by Mr. Luan Xiaolong, hence it is a connected person of the Company
“Jiaoyun Shihua”	Gaomi Jiaoyun Shihua Natural Gas Co., Ltd.* (高密市交運實華天然氣有限公司), a limited liability company established in the PRC on 7 April 2013 and our non-wholly owned subsidiary, which is owned as to 70% by Jiaoyun Gas and 30% by Shandong Shihua
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	16 November 2022, the date on which the Shares were first listed on the Main Board of the Stock Exchange
“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
“LXL Phoenix”	LXL Phoenix Limited, a company incorporated under the laws of BVI on 9 February 2021, which is wholly owned by Mr. Luan Xiaolong, and is one of the Controlling Shareholders of the Company
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“PNG”	piped natural gas
“Prospectus”	the prospectus of the Company dated 31 October 2022
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period” or “Year”	the year ended 31 December 2025

DEFINITIONS (CONTINUED)

“Risk Management Committee”	the risk management committee of the Board
“RMB”	Renminbi yuan, the lawful currency of the PRC
“SDJY Holding”	SDJY Holding Limited, a company incorporated under the laws of BVI on 9 February 2021, which is wholly-owned by Mr. Luan Xiaolong, and is one of the Controlling Shareholders of the Company
“SEGM Holding”	SEGM Holding Limited, a company incorporated under the laws of BVI on 26 February 2021 which is wholly-owned by SDJY Holding, which is in turn wholly-owned by Mr. Luan Xiaolong, and is one of the Controlling Shareholders of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“USD” or “US\$”	US dollars, the lawful currency of the United States
“value-added tax” or “VAT”	the applicable value-added tax as stipulated by relevant PRC laws from time to time