



中裕能源控股有限公司
ZHONGYU ENERGY HOLDINGS LIMITED

Stock Code 股份代號: 3633

Annual Report 年報 2025

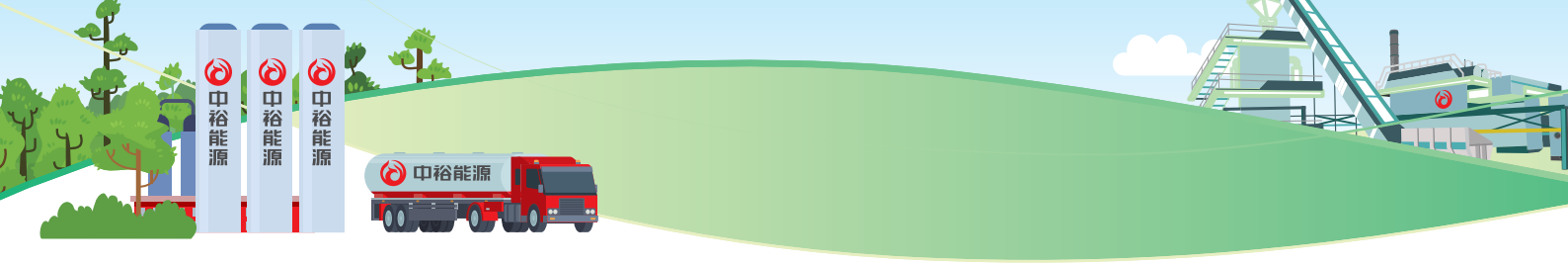


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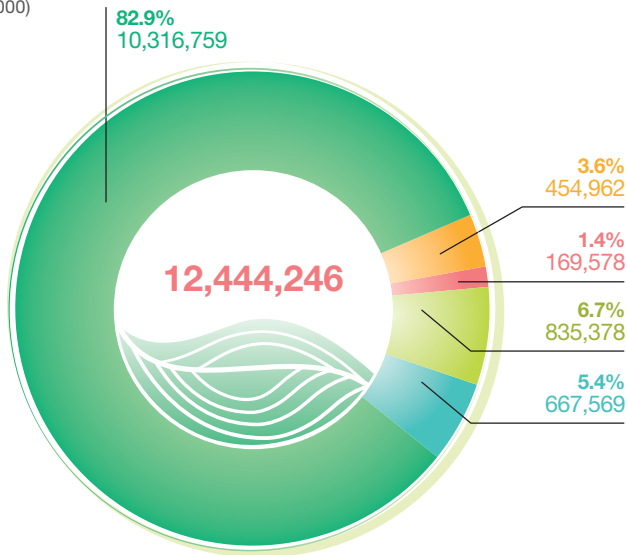




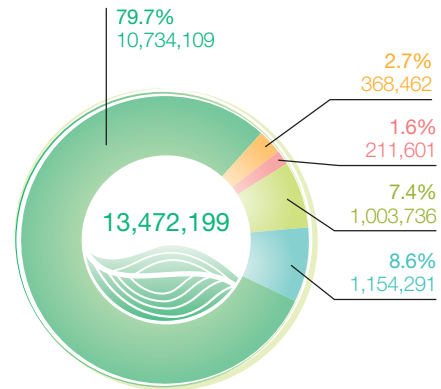
FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the year ended 31st December,			
	2025	2024	changes
	HK\$'000	HK\$'000	%
Turnover	12,444,246	13,472,199	(7.6)%
Profit before tax	572,930	448,697	27.7%
Profit for the year	253,217	201,144	25.9%
Profit attributable to owners of the Company	247,278	146,384	68.9%
Basic earnings per share (HK cents)	8.98	5.25	71.0%
Unit of natural gas sold ('000 m ³)	3,213,651	3,196,174	0.5%
Unit of gas sold to LNG wholesale customers ('000 m ³)	653,593	394,586	65.6%
Proposed final dividend (HK cents)	3.00	2.00	50%

2025
(HK\$'000)



2024
(HK\$'000)



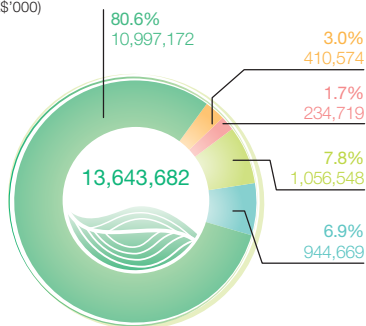
- Sales of gas
- Sales of CNG/LNG in vehicle filling stations
- Gas pipeline construction
- Value-added services
- Smart energy



FINANCIAL AND OPERATIONAL HIGHLIGHTS

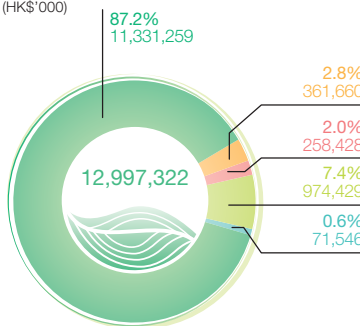
2023

(HK\$'000)



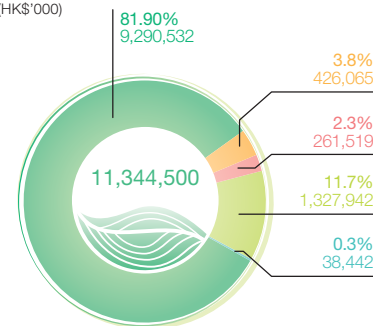
2022

(HK\$'000)

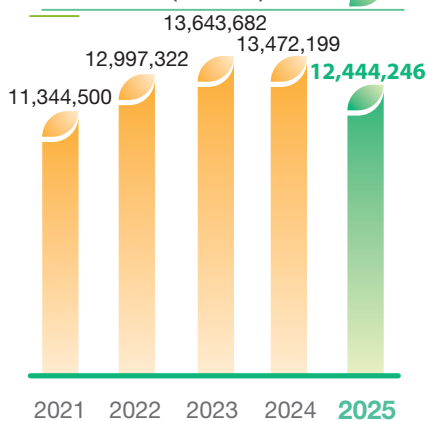


2021

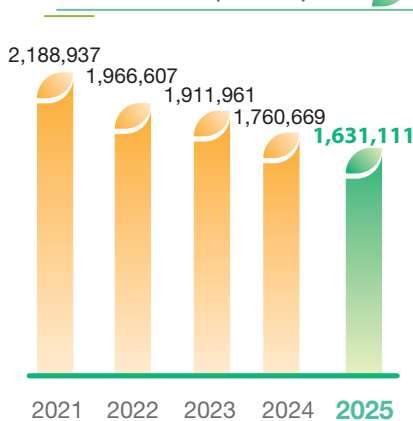
(HK\$'000)



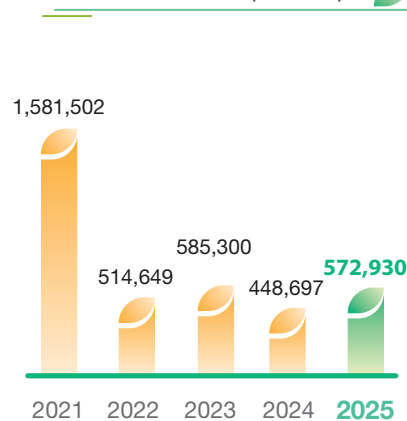
Turnover (HK\$'000)



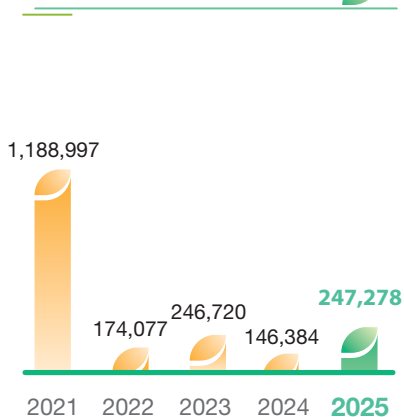
Gross Profit (HK\$'000)



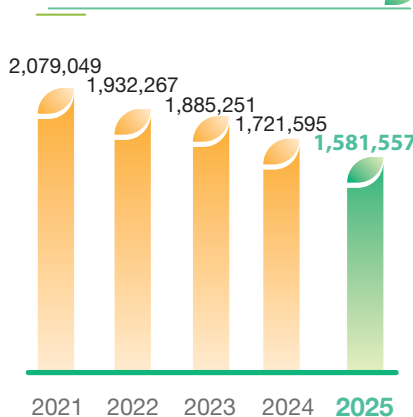
Profit before tax (HK\$'000)



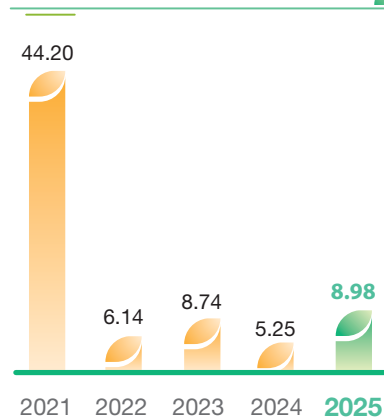
Profit attributable to owners of the Company (HK\$'000)

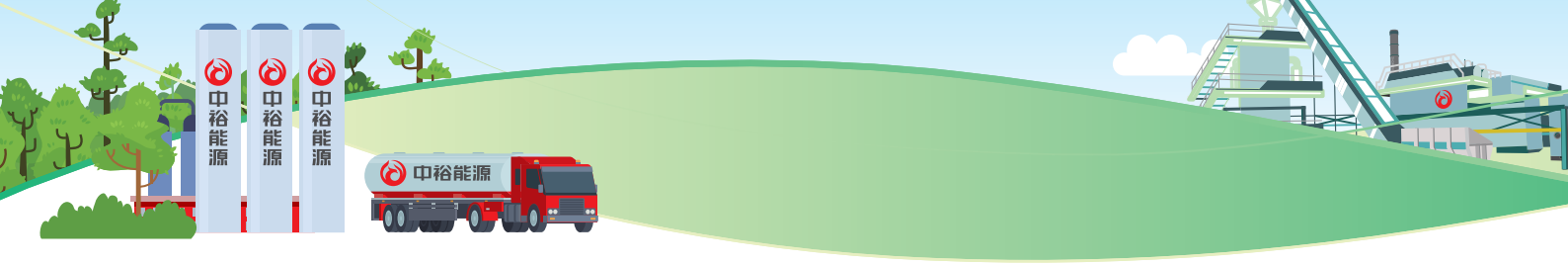


Non-HKFRS EBITDA (HK\$'000)



Basic earnings per share (HK cents)





CORPORATE INFORMATION

Executive Directors

Mr. Wang Wenliang (*Chairman*)
 Mr. Yiu Chi Shing (*Vice Chairman*)
 Mr. Lui Siu Keung (*Chief Executive Officer*)
 Mr. Jia Kun (*Executive President*)
 Mr. Lu Zhaoheng (*retired with effect from 2nd June, 2025*)
 Mr. Li Yan (*resigned with effect from 3rd June, 2025*)
 Mr. Peng Jun (*appointed with effect from 3rd June, 2025*)
 Mr. Wang Jichao (*appointed with effect from 3rd June, 2025*)

Independent Non-executive Directors

Mr. Li Chunyan
 Dr. Key Ke Liu
 Ms. Liu Yu Jie

Company Secretary

Mr. Lui Siu Keung

Authorised Representatives

Mr. Wang Wenliang
 Mr. Lui Siu Keung

Audit Committee

Mr. Li Chunyan (*Chairman*)
 Dr. Key Ke Liu
 Ms. Liu Yu Jie

Remuneration Committee

Mr. Li Chunyan (*Chairman*)
 Dr. Key Ke Liu
 Ms. Liu Yu Jie

Nomination Committee

Mr. Li Chunyan (*Chairman*)
 Dr. Key Ke Liu
 Ms. Liu Yu Jie

Hong Kong Legal Advisors

Reed Smith Richards Butler LLP

Auditors

KPMG
 Public Interest Entity Auditor
 registered in accordance with the Accounting and
 Financial Reporting Council Ordinance
 Certified Public Accountants

Corporate Website

www.zhongyuenergy.com

Stock Code

3633

Registered Office

Cricket Square
 Hutchins Drive
 P.O. Box 2681
 Grand Cayman KY1-1111
 Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Units 02-06, 24th Floor
 China Merchants Tower
 Shun Tak Centre
 168-200 Connaught Road Central
 Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
 Cricket Square
 Hutchins Drive
 P.O. Box 2681
 Grand Cayman KY1-1111
 Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

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

Principal Bankers

Bank of Beijing Co., Ltd
 Bank of China
 Bank of Communications Co., Ltd.
 Bank of Dongguan Co., Ltd.
 Bank of Kunlun Corporation Limited
 China CITIC Bank
 China Minsheng Banking Corp., Ltd
 Fubon Bank (Hong Kong) Limited
 Hang Seng Bank Limited
 Hua Xia Bank Co., Limited
 Industrial and Commercial Bank of China Limited
 Ping An Bank Co., Ltd
 Shanghai Pudong Development Bank Co., Limited
 Standard Chartered Bank (Hong Kong) Limited
 Tai Fung Bank Limited
 The Bank of East Asia, Limited
 The Hongkong and Shanghai Banking Corporation Limited

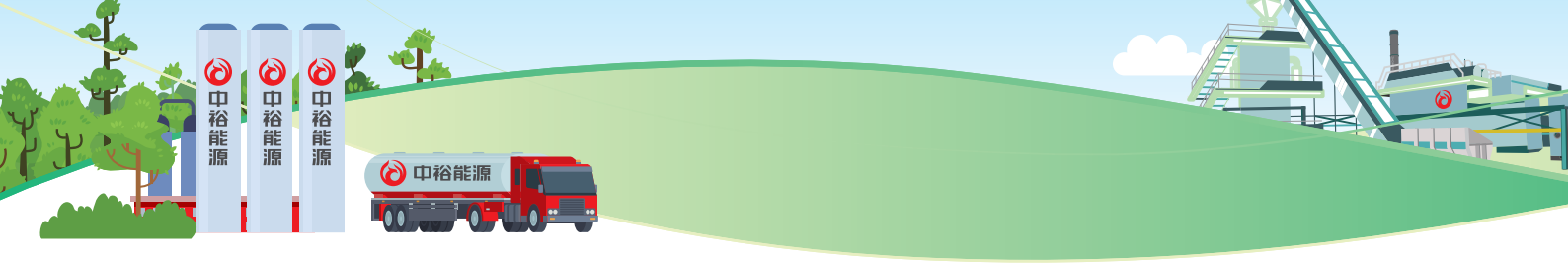
CHAIRMAN'S STATEMENT



To our valued shareholders,

In 2025, the international situation was volatile with escalating geopolitical risks and trade protectionism, which continued to increase the uncertainties of global economic development. Meanwhile, domestic demand further slowed down, and the industrial structure accelerated its transformation towards “innovation” and “optimization”. The wave of artificial intelligence (AI) swept across all industries, and the technological revolution was spawning entirely new tracks and dimensions at an unprecedented speed. Meanwhile, the energy industry was in a critical period featuring “the pain of transition for traditional energy and the accelerated expansion of new energy”. Amidst the complex and ever-changing external environment, Zhongyu Energy proactively adapted to changes, empowered its operations with digitalization and intelligence, pursued refined operations, optimized fund management and reduced financial costs. These efforts provided a solid guarantee for the steady development of the enterprise, and the Company’s operating results demonstrated strong resilience.

Over the past year, in terms of operations, the Group took safety as the cornerstone, people’s livelihood as the guide and digitalization and intelligence as the driving force, and adopted a package of measures to consolidate the foundation of the city gas business. At the same time, the Group’s smart energy projects operated steadily with good returns, and the project benefits were gradually realized. On this basis, the Group firmly implemented the new transformation strategy of focusing on its biomass business to carry out zero-carbon coupling business. Through pioneering initiatives, the Group successfully launched a number of high-quality biomass zero-carbon projects. Moreover, by integrating upstream and downstream resources, the Group extended its business across the entire biomass industrial chain and gradually established a complete business chain from core equipment to terminal services, thereby laying a solid industrial foundation for the Group’s future diversified development path. In terms of management, the Group orderly promoted



CHAIRMAN'S STATEMENT

the optimization and adjustment of the organizational structure and simultaneously launched the organizational performance innovation project. Driven by refined management practices—such as leadership optimization, talent pipeline development, senior executive succession planning, and the optimisation of middle management teams within subsidiaries—we have established a solid foundation to support the Group's strategic transformation.

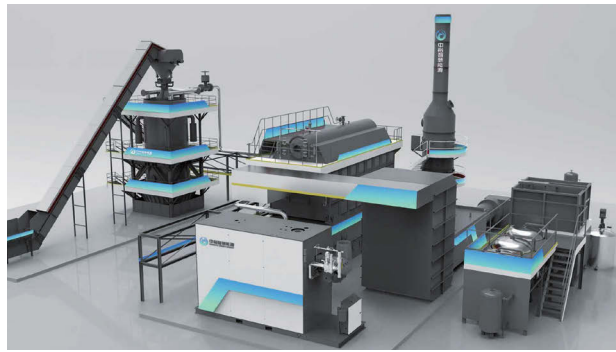
PROSPECTS

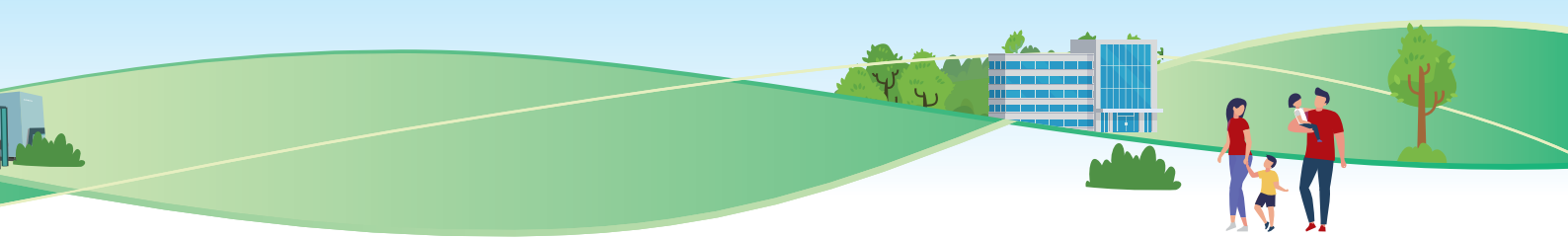
In 2026, the global economy is expected to demonstrate resilience supported by falling inflation and the benefits of AI technology, yet growth divergence, trade frictions and geopolitical risks remain the major challenges. As the inaugural year of the “15th Five-Year Plan”, China's economy has reached a critical juncture in the transition from old to new growth drivers. New quality productive forces will accelerate to offset the drag from the downturn of the real estate sector, moving China's economy towards a new pattern of high-quality development with the support of proactive fiscal policies and moderately loose monetary policies. Against the backdrop of major macro changes and new strategic beginnings, the transformation logic of the energy sector has become increasingly clear. Natural gas is making a crucial leap from a “transitional energy” to a “fundamental pillar energy”, and is deeply integrated into the overall construction of the new energy system with the dual missions of “supporting transformation and ensuring security”.

Faced with the vast development opportunities brought by the upgraded strategic positioning of natural gas, Zhongyu

Energy will seize these opportunities and take proactive actions. It will deepen its principal city gas business, continuously strengthen the capacity for safe and reliable supply, optimize the gas source structure and improve smart operation capabilities, thereby laying a solid foundation for development. Meanwhile, the Group will focus on tapping the potential of existing assets and innovating services, continuously extend the service chain, and vigorously expand business scenarios such as gas insurance, gas appliance sales and gas pipeline aesthetic improvement. It will establish more enduring relationships with customers and create incremental value while meeting their energy consumption needs. With safe and reliable supply and high-quality and efficient services, it will fulfill corporate responsibilities in the tide of energy transformation and achieve sustainable development.

On the other hand, building upon the Group's established presence across the entire biomass industrial chain, the Group will fully leverage the closed-loop advantages of “technology + equipment + services” model, continuously deepen industrial chain synergy, steadily promote the replication and expansion of zero-carbon projects, and drive the biomass business from individual project operations towards achieving economies of scale. At the same time, the Group will take biomass energy as the starting point to actively expand overseas markets and explore the path of international development. Leveraging its accumulated experience in smart operations, the Group will advance the digital and intelligent management of biomass energy utilization, better meet the global manufacturing sectors' demands for low-carbon, environmentally friendly, efficient energy use and high reliability, further consolidate the





CHAIRMAN'S STATEMENT

foundation for diversified development, and support the steady and sustained progress of the Group's green transformation.

In terms of digital and intelligent upgrading, the Group will seize the opportunities presented by the AI technological revolution and fully promote the deep integration of digital and intelligent technologies with business management. At the operational level, it will accelerate the implementation of AI technology in scenarios such as intelligent pipeline network monitoring, accurate load forecasting, fault early warning and emergency scheduling. At the management level, it will drive the digital transformation of financial management, human resources, risk management and compliance and supply chain collaboration. At the service level, it will deepen the application of AI in user profiling, demand insight and precise services, explore user needs through intelligent means, optimize customer experience and improve the efficiency of service response. Through all-round digital and intelligent upgrading, it will continuously improve the level of the enterprise's refined management and operational efficiency within the Group.

In terms of environmental, social and governance (ESG) management, the Group will deeply integrate the ESG philosophy into strategic decision-making and daily operations, continuously improve the ESG governance structure, strengthen environmental performance management and information disclosure, enhance the transparency and standardization of corporate governance, and respond to the expectations of stakeholders in a responsible manner. At the same time, the Group will continue to explore opportunities for green finance cooperation, deeply integrate green financing tools with financial management, optimize the capital structure and reduce financing costs through diversified financing channels, and direct green financing precisely towards green projects such as biomass energy supply, thereby aligning capital allocation with the green strategy. Building on this foundation, the Group will also continuously strengthen cash flow management and cost control, providing a solid foundation for the Group's green transformation and sustainable development.

APPRECIATION

Looking back on our journey, every step of Zhongyu Energy's growth embodies the wisdom and hard work of every member of the Zhongyu family; every milestone has been made possible by the trust and support of our partners. This united strength has allowed us to stand firm amidst the storms of the market and forge ahead firmly in the tide of transformation. Looking to the future, the tide of energy reform is surging forward. Zhongyu Energy will anchor the course of green development, deepen our commitment to the city gas business and expand the market for biomass zero-carbon business. With even greater determination and a more pragmatic approach, we will safeguard energy security, empowering the enhancement of people's wellbeing and the green development of society. With this mission on our shoulders, the road ahead is long and the responsibility heavy. On behalf of the Board of Directors, I would like to extend my sincere thanks to every member of the Zhongyu family and express my deep gratitude to our customers, shareholders and people from all sectors of society for their long-standing support.

Wang Wenliang

Chairman

Hong Kong

27th March, 2026

CEO MESSAGE



To our valued shareholders,

On behalf of the Board of Directors and fellow Zhongyu staff members, I am pleased to present our annual results for the year ended 31st December, 2025 (“the Year”).

2025 was a year fraught with challenges. Geopolitical conflicts and trade protectionism intensified markedly, exerting a substantial impact on the global economy and rendering the external environment increasingly complex and challenging. The domestic economy entered a critical period of transitioning between old and new growth drivers, with insufficient effective demand and longstanding structural contradictions persisting, and the foundation for economic recovery and improvement still remained to be further

consolidated. As a result, the national apparent consumption volume of natural gas reached 426.55 billion cubic meters, representing a slight increase of 0.1% year-on-year. In the face of these challenges, Zhongyu Energy strictly adhered to safety protocols to ensure secure supply. By focusing on refined management, the Company tapped into internal potential and enhance external resilience, thereby firmly maintaining the stability of the city gas business amidst the complex and severe market environment. At the same time, the Group’s smart energy business operated steadily and made breakthroughs in the new sector of biomass business, successfully established the full industrial chain of biomass zero-carbon business, injecting new green momentum into the high-quality development of the Company.

CEO MESSAGE

As of 31st December, 2025, the Group had 74 franchised gas projects in 11 provinces in China; our city gas business served 35,340 industrial and commercial customers and approximately 5.40 million residential households; during the same period, the number of operational integrated energy projects reached 237; the integrated energy sales volume amounted to 1,399 million kilowatt-hours. In 2025, the Group's total natural gas sales volume increased by 0.5% year-on-year to 3,213,651,000 cubic meters.

RESULTS

For the year ended 31st December, 2025, the Group recorded a turnover of HK\$12,444,246,000 (2024: HK\$13,472,199,000), a 7.6% decrease year-on-year. The decrease in turnover was primarily from the decrease in revenue from sales of gas and smart energy.

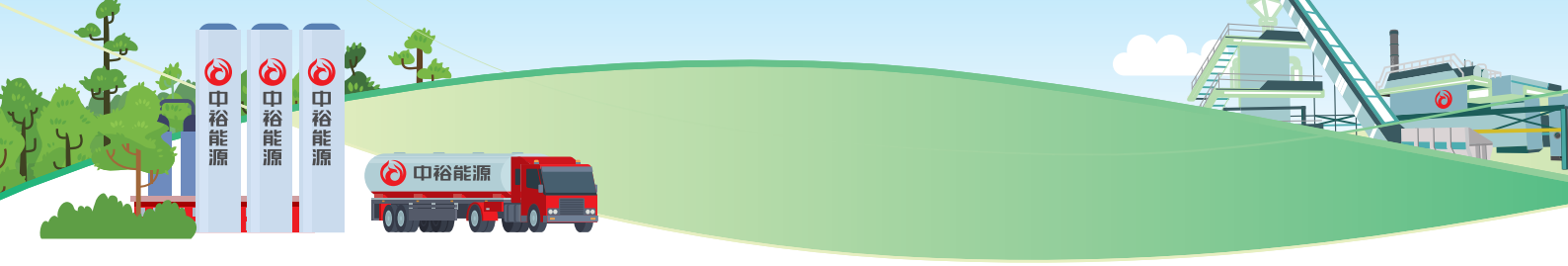
BUSINESS REVIEW

The Group's four major core businesses, namely sales of gas, gas pipeline construction, smart energy and value-added services, accounted for 82.9%, 6.7%, 5.4%, and 3.6% of the Group's turnover for 2025, respectively. The sales of gas business continued to be the Group's largest contributor in 2025, with sales amounting to HK\$10,316,759,000 (2024: HK\$10,734,109,000). Due to the Group's large and highly loyal customer base, this business continued will to be a core contributor to the Group's performance.

Over the years, the Group has been committed to actively optimizing its gas source organization, identifying opportunities for cooperation in the upstream of natural gas, and has successfully developed its international LNG trading business. During the year, sales of this business amounted to HK\$2,766,675,000 (2024: HK\$2,920,367,000), representing a year-on-year decrease of 5.3%; while natural gas trade reached 1,003,591,000 cubic meters.

With the Group's efforts over the past few years, the gas connection penetration rate in its operating regions has reached a relatively high level. In 2025, the national real estate market continued to be sluggish, and the newly completed housing area continued to decline, which had a certain impact on the development of new residential households. In order to maintain a sound customer mix and accounts receivable level, during the year, the number of new residential piped gas connections reached 207,685. As of 31st December 2025, the cumulative number of connected residential households reached 5.40 million, representing an increase of approximately 4.0% over the corresponding period last year; during the year, 397 new industrial customers and 3,735 new commercial customers were connected, representing an increase of 25.2% and 6.2% over the corresponding period last year, respectively. As the Group continued to expand its business coverage, the total length of the Group's existing intermediate and main pipelines increased from 28,201 kilometers to 28,597 kilometers, representing an increase of 1.4%.





CEO MESSAGE

The Group has proactively promoted the business structure optimization as well as the strategy transformation, and strived to develop its integrated energy business. It also established and implemented a new transformation strategy of focusing on biomass to carry out zero-carbon coupling business. During the reporting period, driving by factors such as proactive optimisation of business structure and the prioritisation of resources towards emerging strategic sectors, the sales of the Group's smart energy business reached HK\$667,569,000 (2024: HK\$1,154,291,000), accounting for 5.4% (2024: 8.6%) of the Group's total revenue and representing a year-on-year decrease of 42.2%; while the sales volume of its integrated energy business amounted to 1,399 million kilowatt-hours, representing a year-on-year decrease of 42.7%. During the year, the Group has achieved a significant breakthrough for its biomass business and implemented its upstream and downstream industry chain layout, in an orderly manner, opening up new opportunities for the Group's future high-quality, green and low carbon development.

Relying on our highly loyal base of city gas customers, the Group innovated its operations and promoted the sales of its own-brand kitchen appliances, "Zhongyu Phoenix" (中裕鳳凰), and provided more convenient and efficient value-added services to customers through the "Zhongyu iFamille" (中裕家) retail platform. Meanwhile, the Group proactively developed innovative businesses, such as gas insurance and interior beautification services, expanded into external markets and incubated sub-brands of interior. Following the commencement of operation of "Zhongyu Aijia" (中裕愛家) smart living store, our interior beautification service has been officially launched, further boosting our market share and brand influence. During the year, sales of this business amounted to HKD454,962,000 (2024: HKD368,462,000), representing an increase of 23.5% year-on-year.

PROSPECTS

In 2026, risks such as geopolitical tensions, the rise of trade protectionism, and high debt levels will continue to hinder the pace of global economic recovery. As the first year of the "15th Five-Year Plan", the Chinese economy is experiencing a dual transition underpinned by "external

demand support" and "domestic demand bottoming out". Against this backdrop, the city gas industry faces both opportunities and challenges. During the "15th Five-Year Plan period", natural gas is no longer merely a "transitional energy source" in the development of the new energy system, but has been entrusted with the dual role of "supporting transformation and ensuring security".

Therefore, the Group will always take "ensuring secure supply" as the lifeline of its operations. It will safeguard the safety and stability of gas supply by further enhancing our safety management system, strengthening diversified gas source security, and promoting the digital and intelligent upgrading of pipeline networks as well as the renovation of aging pipelines. At the same time, the Group will continue to improve customer service standards, respond flexibly to market and policy changes, and focus on optimizing energy application scenarios and enhancing service experience from the customers' perspective. It will foster "symbiotic and mutually beneficial" relationships with our customers and provide personalized energy supply services through refined operational upgrades, thereby enhancing the Group's competitiveness and supporting its steady and sustainable development.

Meanwhile, the Group fully recognizes the symbiotic, supportive and complementary relationship between natural gas and integrated energy against the backdrop of national energy structure reform. While further consolidating the foundation of city gas business, the Group will firmly implement the transformation strategy of "focusing on biomass business to carry out zero-carbon coupling business" (以生物質業務為主線開展零碳耦合業務). It will concentrate our resources on high-quality industrial customers and zero-carbon industrial parks within our operational regions and pooling resources to create replicable, high-quality biomass projects. At the same time, it will strengthen the application of digital and intelligent technologies in the biomass field, building a digital and intelligent application system from individual points to broader areas and ultimately to a network. Leveraging technological strengths to drive business innovation and service upgrading, it will lay a solid foundation for the future overseas expansion of our biomass business, thereby achieving a leap from regional leadership to global presence.



CEO MESSAGE

In 2026, the Group will:

- (i) continuously improve customer service standards, flexibly respond to market changes, accelerate the implementation of residential price adjustment, and further optimize the gas supply structure, to consolidate the foundation of our city gas business through service innovation and lean operations;
- (ii) gain an early foothold in the biomass business track, expand market share, translate existing layout into actual revenue, and continuously optimize the business model while expanding the business to achieve leapfrog development;
- (iii) deepen the integration of digital and intelligent technologies with business scenarios, systematically promote the application of digital and intelligent technologies in scenarios such as pipeline network inspection, leakage early warning, equipment monitoring, intelligent dispatch, customer profiling, and value-added businesses, and leverage technological strengths to drive the comprehensive upgrading in safety and emergency response, market expansion, business innovation, and operational management;
- (iv) deepen the upgrading of the Group's financial management, continuously optimize the debt structure, strictly control overdue receivables, rigorously enforce the accountability mechanism, and fortify the financial safety margins for the Group's operations;
- (v) continuously improve management systems and standard operating procedures in key areas including investment decision-making, project construction,

safe operations, and material procurement, establish a full-process risk management and control mechanism for business development, and strengthen the Group's compliance and risk-resilience capabilities; and

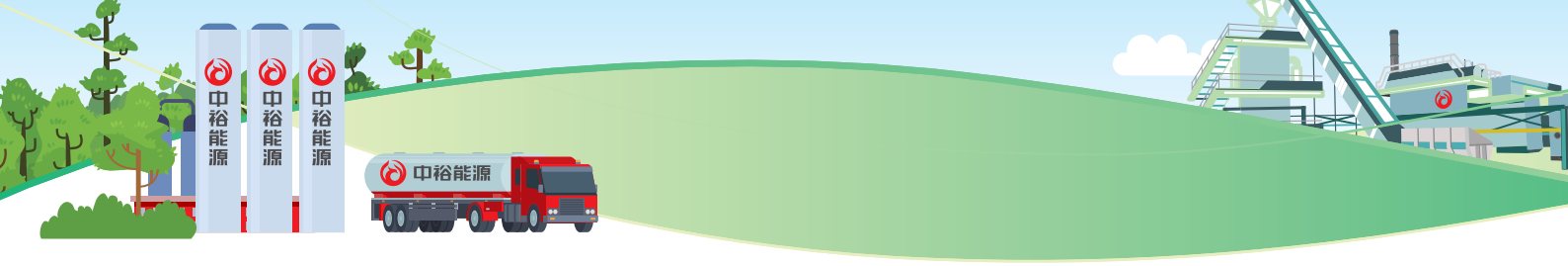
- (vi) thoroughly implement ESG development philosophy, expand channels for green finance cooperation, strengthen internal governance, optimize the quality of ESG information disclosure, and drive the enhancement of corporate value through sustainable development.

In the new year, the Group will continue to deepen its core city gas business, steadily promote the implementation of the biomass business development strategy, and gradually translate its existing layout into tangible growth drivers, providing strong support for the Group's high-quality development. In the future, the Group will seize the development opportunities of the new era, and comprehensively empower management upgrading and business innovation through digital and intelligent technologies such as artificial intelligence. On the premise of maintaining a solid foundation for existing businesses, the Group will promote its long-term transformation in an orderly manner, steadily expand its growth potential, and strive toward the vision of becoming a "most valuable integrated energy service provider", effectively creating value for shareholders and contributing to the sustainable development of society.

Lui Siu Keung

Chief Executive Officer

27th March, 2026



OPERATIONAL STATISTICS

Province	Operational location	Connectable Population	Connectable Residential Households	Accumulated Connected Residential Households	Accumulated Connected Industrial Customers	Accumulated Connected Commercial Customers	Length of Existing Intermediate and Main Pipelines (km)	Number of CNG/LNG Vehicle Filling Stations
Henan	Jiaozuo City	1,861,375	531,822	441,348	187	2,037	1,833	7
	Qinyang City	625,221	178,635	141,501	97	539	945	1
	Wuzhi County	937,863	267,961	158,347	175	613	1,167	1
	Xiuwu County	283,185	80,910	58,212	118	476	707	4
	Luohe City	2,440,275	697,222	581,416	316	3,487	1,527	3
	Light Food Industrial Park in Luohe Economic Development District	-	-	-	10	-	40	-
	Luohe Shaoling District	-	-	-	18	-	-	-
	Luohe Songjiang Industrial Zone	-	-	-	15	-	-	-
	Luohe Houxie Village Industrial Zone	-	-	-	-	-	-	-
	Luohe West Industrial Zone	-	-	-	-	-	-	-
	Venture Centre in Luohe Economic Development District	-	-	-	15	-	-	-
	Xiping County	32,800	9,371	-	-	-	-	-
	Jiyuan City	1,135,289	324,368	248,386	301	2,639	1,480	4
	Sanmenxia City	752,757	215,074	200,046	86	1,301	1,590	4
	Shanzhou District	88,733	25,352	10,200	1	62	-	-
	Sanmenxia Industrial Park	4,151	1,186	1,186	17	88	-	-
	Lingbao City	422,073	120,592	84,376	41	349	440	-
	Yanshi City	459,460	131,274	111,814	308	700	840	2
	Yongcheng City	1,059,055	302,587	259,266	111	1,220	869	4
	Yongcheng Industrial Zone	35,000	10,000	-	1	-	-	-
	Xinmi City	719,031	205,438	176,124	134	1,017	924	5
	Huiguo Town, Gongyi City	30,077	8,593	7,202	82	81	143	-
	Yuanyang County	235,079	67,165	8,934	5	12	81	-
	Hui County	60,478	17,279	7,444	2	4	-	-
	Wen County	672,475	192,136	113,793	220	544	752	-
	Mengzhou	568,860	162,532	109,190	312	646	551	-
Puyang Industrial Zone	9,916	2,833	2,820	71	32	224	-	
Puyang Administrative Region	398,114	113,747	69,514	50	203	2,324	-	
Hebei	Sanshitou Town, Yangjiatao Town, Hongqiao Town and Guojiatun Town of Yutian County	234,455	66,987	31,097	22	12	1,078	-
	Administrative jurisdiction of Gucheng County	370,747	105,928	76,431	45	79	133	-
	Within the operation area of Xinhe County	130,329	37,237	5,700	20	64	54	-
	Yutian County	324,800	92,800	116,837	35	527	281	-
	Yutian Town and Caitingqiao Town, Yutian County	105,200	30,057	-	-	-	46	-
	Changli County	239,070	68,306	96,134	83	671	375	-
	Yu County	149,100	42,683	58,994	18	184	234	-
	Yu County Economic Development Zone	3,000	940	-	-	-	-	-
	Xiahuayuan District	118,352	33,815	42,297	1	149	141	-
	Chengnan County	539,864	154,246	72,285	15	151	278	-
	Wuqiao County	263,516	75,290	46,580	65	213	547	-
	Ningjin County	520,000	148,571	129,782	178	929	620	-

OPERATIONAL STATISTICS

Province	Operational location	Connectable Population	Connectable Residential Households	Accumulated Connected Residential Households	Accumulated Connected Industrial Customers	Accumulated Connected Commercial Customers	Length of Existing Intermediate and Main Pipelines (km)	Number of CNG/LNG Vehicle Filling Stations
	Linzhang County	353,695	101,056	95,286	48	220	519	1
	Zaoqiang County	380,000	108,572	39,924	7	323	218	-
	Longyao County	291,901	83,400	11,030	-	107	39	-
	Xingtang County	86,551	24,729	29,217	1	122	138	-
	City district of Gucheng	601,350	171,814	52,891	54	556	522	-
	Nangong City	658,570	188,163	145,513	19	387	615	-
	Jize County	370,400	105,828	21,997	32	131	164	-
	Xinhe County	291,529	83,294	49,374	59	413	364	-
	Xingtai	675,000	192,857	13,288	27	69	26	-
Jiangsu	Donghai County	60,213	17,204	2,775	54	29	73	-
	Shong County	37,772	10,792	5,025	52	16	522	-
	Guannan County	331,527	94,722	82,839	1	574	346	-
	Suqian Zhongyu Hong Cheng	522,375	149,250	29,250	50	96	-	-
	Tongshan	493,777	140,915	95,520	-	439	78	-
	Within the jurisdiction of City district of Sihong County	586,000	167,429	176,381	121	1,292	750	-
	River-Sea Interconnected Development Demonstration District of Tongzhou Bay	100,000	28,571	-	63	41	89	-
Shandong	Linyi City (Note)	1,916,734	547,638	456,489	444	2,572	1,307	7
	Linyi Economic Development District	469,916	134,262	114,829	353	524	810	4
	Linshu County	24,897	7,113	6,295	135	73	238	2
	Tianqu Industrial Park in Dezhou City	4	1	1	43	30	99	1
Jilin	Baishan City	469,639	134,182	132,572	19	1,333	337	2
	Changbaishan International Tourist Resort Zone in Fusong County	166,419	47,548	7,805	22	132	132	-
	Lushuihe Town and Quanyang Town within the administrative regions of Fusong County	60,000	17,142	-	-	-	-	-
	Within the administrative jurisdiction of Wanliang Town of Fusong County (including the Industrial Park)	16,900	4,830	-	-	-	-	-
Fujian	Shaowu City	306,293	87,512	59,390	21	383	138	2
Heilongjiang	Chengou Town, Tieli City	277,673	79,335	33,351	20	212	154	-
	Current administrative jurisdiction of Shuangfeng Forestry Bureau, Tieli City	62,000	17,714	-	-	-	-	-
Zhejiang	Within the administrative jurisdiction of Daishan Island and Xiushang Township	133,598	38,171	41,952	53	180	125	1
	Yueqing City	103,072	29,449	25,844	30	120	132	-
Inner Mongolia	Balinyou Qi	81,641	23,326	2,593	3	2	14	-
Anhui	Bang Bu Hong Yu	35,000	10,000	-	-	-	-	-
	Wuhe County	241,500	69,000	118,968	57	569	237	-
	Si County	186,037	53,153	81,780	11	391	177	-
Jiangxi	Tiannan Area, Gaoan	87,500	25,000	-	1	-	10	-
		26,309,183	7,516,909	5,399,435	4,975	30,365	28,597	55

Note: The operational location covers the administrative jurisdiction of Linyi City, which is from Binhe Road on the west bank of Yihe River in the east to Beijing-Shanghai Expressway in the west, bordering Binhe Road on the south bank of Fanghe River in the north and reaching Yihe Road, Luozhuang District in the south (excluding western part beyond Mengshan Avenue and southern part beyond Huawu Road).



MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW



During the year ended 31st December, 2025, the Group was principally engaged in (i) the investment, operation and management of gas pipeline infrastructure, and the distribution of piped gas to residential, industrial and commercial users; (ii) development of smart energy; (iii) sales of stoves and provision of other related value-added services; and (iv) the operation of CNG/LNG vehicle filling stations in the PRC.

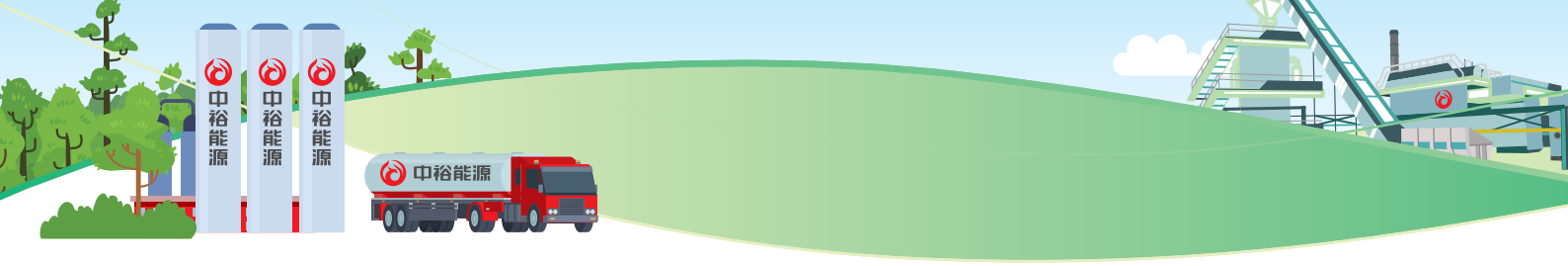
Piped Gas Distribution Projects

As at 31st December, 2025, the Group had 74 gas projects with exclusive rights in the PRC.

Smart Energy Business Development

With the reform of the domestic energy market and the national strategy emphasizing “green development” and “clean and low-carbon, safety and efficiency”, environmental protection policies and “dual carbon goals (carbon peak and neutrality)” have become one of the biggest driving forces for the Group to develop clean energy projects. The Group planned the layout of its comprehensive energy business years ago, and strived to become the most valuable integrated energy service provider. In view of the successive launch of a series of national policies related to energy transformation, opportunities for the Group to develop diversified businesses such as distributed energy, photovoltaic rooftop and charging stations were created. According to the scientific study and analysis on the policies, market and other various aspects, the Group enhanced the smart energy segment to a position of equal importance to the city gas segment in 2022, and proposed the new development strategy of “dual-wheel drive and synergetic development”, which has been adopted to date. Relying on its extensive experience accumulated in developing the energy segment over the years, the Group continued to further focus on the three major types of businesses, including energy management contract (EMC), district energy supply and low-carbon transportation, and actively expanded the smart energy business coverage. After comprehensive consideration of various aspects, the Group determined a development strategy of “focusing on biomass business to carry out zero-carbon coupling business”, which specified the development direction of our smart energy business in the next few years, and actively carried out the related businesses. During the year, the Group continuously developed the integrated energy business and the cumulative number of projects in operation reached 237. The sales volume of integrated energy throughout the year decreased by 42.7% to 1,399 million kWh as compared with the same period of last year.





MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

Major Operational Data

The natural gas distribution business of the Group primarily comprises sales of gas, gas pipeline construction and sales of natural gas from CNG/LNG vehicle filling stations.

The major operational data of the Group for the year ended 31st December, 2025 together with the comparative figures for the corresponding period last year are as follows:

	2025	2024	Increase/ (Decrease)
Number of operational locations <i>(Note a)</i>	74	74	–
– Henan Province	28	28	–
– Hebei Province	21	21	–
– Jiangsu Province	7	7	–
– Shandong Province	4	4	–
– Jilin Province	4	4	–
– Fujian Province	1	1	–
– Heilongjiang Province	2	2	–
– Zhejiang Province	2	2	–
– Anhui Province	3	3	–
– Inner Mongolia	1	1	–
– Jiangxi Province	1	1	–
Connectable population ('000) <i>(Note b)</i>	26,309	25,540	3.0%
Connectable residential households ('000)	7,516	7,283	3.2%
New piped gas connections by the Group made during the year			
– Residential households	207,685	254,257	(18.3)%
– Industrial customers	397	317	25.2%
– Commercial customers	3,735	3,518	6.2%
Accumulated number of connected piped gas customers			
– Residential households	5,399,435	5,191,750	4.0%
– Industrial customers	4,975	4,578	8.7%
– Commercial customers	30,365	26,630	14.0%
Penetration rate of residential pipeline connection <i>(Note c)</i>	71.8%	71.3%	0.5%
Unit of piped natural gas sold to retail customers ('000 m ³)			
– Residential households	764,948	769,536	(0.6)%
– Industrial customers	1,298,010	1,323,493	(1.9)%
– Commercial customers	147,102	151,758	(3.1)%



MANAGEMENT DISCUSSION & ANALYSIS BUSINESS REVIEW

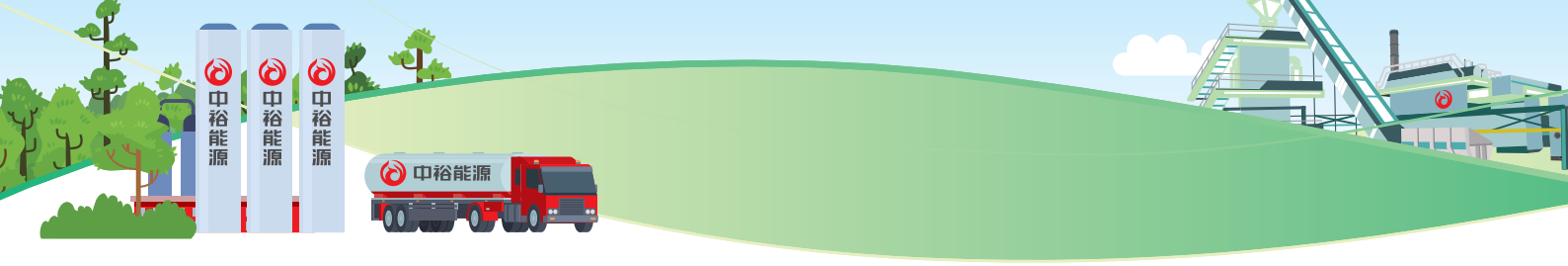
	2025	2024	Increase/ (Decrease)
Unit of gas sold to wholesale customers ('000 m ³)			
– Piped natural gas	303,670	502,163	(39.5)%
– LNG	653,593	394,586	65.6%
Total unit of gas sold ('000 m ³)	3,167,323	3,141,536	0.8%
Number of CNG/LNG vehicle filling stations			
– Accumulated	55	56	(1)
– Under construction	7	7	–
Unit of natural gas sold to vehicles ('000 m ³)	46,328	54,638	(15.2)%
Total length of existing intermediate and main pipelines (km)	28,597	28,201	1.4%
Average selling price of natural gas (pre-tax) (RMB per m ³)			
– Residential households	2.65	2.65	–
– Industrial customers	3.44	3.54	(2.8)%
– Commercial customers	3.87	3.92	(1.3)%
– Wholesale customers	2.48	2.52	(1.6)%
– Wholesale customers (LNG)	2.98	3.05	(2.3)%
– CNG/LNG vehicle filling stations	3.35	3.53	(5.1)%
Average purchase cost of natural gas (RMB per m ³) (Note d)	2.66	2.71	(1.8)%
Average connection fee for residential households (RMB)	2,906	3,087	(5.9)%
Accumulated number of integrated energy projects in operation	237	283	(16.3)%
Sales volume of integrated energy (million kWh)	1,399	2,441	(42.7)%

Note a: The number of operational locations represents the gas projects with exclusive rights which are operated by the Group in different cities and regions in the PRC.

Note b: The information is quoted from the website of the PRC government.

Note c: The penetration rates of residential pipeline connection refers to the accumulated number of the Group's connected residential households to the estimated aggregate number of connectable residential households in its operation regions expressed in percentages.

Note d: The amounts do not include the average distribution costs of natural gas, which is RMB0.22 per m³ (2024: RMB0.19 per m³).



MANAGEMENT DISCUSSION & ANALYSIS

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OVERALL

The Group's turnover for the year ended 31st December, 2025 decreased by 7.6% to HK\$12,444,246,000 (2024: HK\$13,472,199,000). The Group's profit attributable to owners of the Company increased by 68.9% to

HK\$247,278,000 (2024: HK\$146,384,000). The basic and diluted earnings per share attributable to the owners of the Company were HK8.98 cents and HK8.98 cents respectively for the year ended 31st December, 2025, as compared with that of HK5.25 cents and HK5.25 cents respectively for the corresponding period last year.

Turnover

An analysis of the Group's turnover by products and services for the year, together with the comparative figures for the corresponding period last year, are as follows:

	Year ended 31st December,				
	2025 HK\$'000	% of total	2024 HK\$'000	% of total	Increase/ (Decrease)
Sales of Gas	10,316,759	82.9%	10,734,109	79.7%	(3.9)%
Gas Pipeline Construction	835,378	6.7%	1,003,736	7.4%	(16.8)%
Smart Energy	667,569	5.4%	1,154,291	8.6%	(42.2)%
Value-added Services	454,962	3.6%	368,462	2.7%	23.5%
Sales of CNG/LNG in Vehicle Filling Stations	169,578	1.4%	211,601	1.6%	(19.9)%
Total	12,444,246	100%	13,472,199	100%	(7.6)%

The turnover for the year ended 31st December, 2025 amounted to HK\$12,444,246,000 (2024: HK\$13,472,199,000). Such decrease was mainly attributable to the decrease in revenue from sales of gas and smart energy.



MANAGEMENT DISCUSSION & ANALYSIS FINANCIAL REVIEW

Sales of gas

Sales of gas for the year ended 31st December, 2025 amounted to HK\$10,316,759,000 (2024: HK\$10,734,109,000), representing a decrease of 3.9% over the corresponding period last year.

Sales of gas for the year ended 31st December, 2025 contributed 82.9% of the total turnover of the Group, as compared with 79.7% during the corresponding period last year. Sales of gas continued to be the major source of turnover for the Group. The following table set forth the breakdown of revenue from sales of gas by customers.

Sales of gas by customers

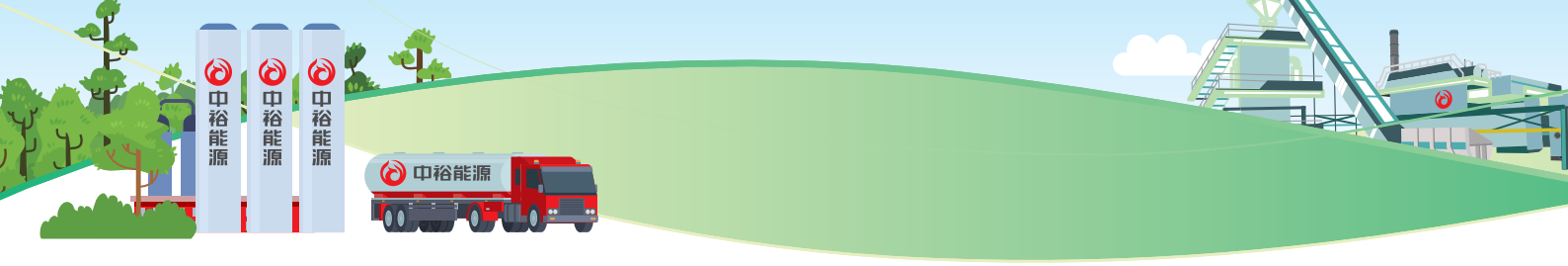
	Year ended 31st December,				
	2025 HK\$'000	% of total	2024 HK\$'000	% of total	Increase/ (Decrease)
Industrial customers	4,880,022	47.3%	5,135,123	47.8%	(5.0)%
Residential households	2,217,473	21.5%	2,237,578	20.9%	(0.9)%
Commercial customers	622,167	6.0%	652,642	6.1%	(4.7)%
Wholesale customers	2,597,097	25.2%	2,708,766	25.2%	(4.1)%
Total	10,316,759	100%	10,734,109	100%	(3.9)%

Industrial customers

The sales of gas to the Group's industrial customers for the year ended 31st December, 2025 decreased by 5.0% to HK\$4,880,022,000 from HK\$5,135,123,000 for the corresponding period last year. During the year ended 31st December, 2025, the Group connected 397 new industrial customers, although the piped natural gas usage provided by the Group to its industrial customers decreased slightly by 1.9% to 1,298,010,000 m³ (2024: 1,323,493,000 m³). In response to lower cost of natural gas from suppliers

for gas sales, the average selling price of natural gas for industrial customers for the year under review was adjusted downwards by 2.8% to RMB3.44 per m³ (2024: RMB3.54 per m³).

The sales of gas to our industrial customers for the year ended 31st December, 2025 contributed 47.3% of the total sales of gas of the Group (2024: 47.8%) and continues to be the major source of sales of gas of the Group.



MANAGEMENT DISCUSSION & ANALYSIS

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Residential households

The sales of gas to our residential households for the year ended 31st December, 2025 slightly decreased by 0.9% to HK\$2,217,433,000 from HK\$2,237,578,000 for the corresponding period last year. The performance remains stable as it was supported by continuous construction work for gas pipeline connection and the growth in population in the Group's existing project cities in the PRC. In recent years, as the PRC has been promoting the establishment of the price linkage mechanism for natural gas, governments at local level have made price adjustment to the natural gas consumed by residential households. Furthermore, after years of promotion of clean energy heating plan, more residential households are willing to use natural gas for indoor heating in the winter, which led to stable gas consumption of residential households for indoor as well. During the year under review, the Group provided new natural gas connections for 207,685 residential households, although the piped natural gas usage provided by the Group to residential households decreased slightly by 0.6% to 764,948,000 m³ (2024: 769,536,000 m³). The average selling price of natural gas for residential customers remained stable at RMB2.65 per m³ (2024: RMB2.65 per m³).

The sales of gas to our residential households for the year under review contributed 21.5% of the total sales of gas of the Group (2024: 20.9%).

Commercial customers

The sales of gas to our commercial customers for the year ended 31st December, 2025 decreased by 4.7% to HK\$622,167,000 from HK\$652,642,000 for the corresponding period last year. The sales of gas to commercial customers for the year under review contributed 6.0% of the total sales of gas of the Group (2024: 6.1%). During the year ended 31st December, 2025, the Group connected 3,735 new commercial customers. As at 31st December, 2025,

the number of commercial customers of the Group reached 30,365, representing an increase of 14.0% as compared with 26,630 commercial customers as at 31st December, 2024.

The demand of gas by restaurants, schools and recreational facilities decreased in 2025. The gas consumption of commercial customers decreased by 3.1% to 147,102,000 m³ (2024: 151,758,000 m³) for the year under review. In response to the lower cost of natural gas from suppliers in gas sales, the average selling price of natural gas for commercial customers was adjusted downwards by 1.3% to RMB3.87 per m³ (2024: RMB3.92 per m³) when compared to the corresponding period last year.

Wholesale customers

The sales of gas to our wholesale customers for the year end 31st December, 2025 decreased by 4.1% to HK\$2,597,097,000 from HK\$2,708,766,000 for last year. The sales of gas to wholesale customers for the year under review contributed 25.2% of the total sales of gas of the Group (2024: 25.2%).

During the year under review, piped natural gas usage provided by the Group to its wholesale customers declined by 39.5% to 303,670,000 m³ (2024: 502,163,000 m³). The average selling price of natural gas for wholesale customers for the year under review was adjusted downwards by 1.6% to RMB2.48 per m³ (2024: RMB2.52 per m³) in response to the lower cost of natural gas from gas suppliers.

During the year under review, the LNG provided by the Group to its wholesale customers increased by 65.6% to 653,593,000 m³ (2024: 394,586,000 m³). The average selling price of LNG for wholesale customers for the year under review, which was affected by the decrease of international LNG price, was adjusted downwards by 2.3% to RMB2.98 per m³ (2024: RMB3.05 per m³).

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Gas Pipeline Construction

Revenue from gas pipeline construction for the year ended 31st December, 2025 amounted to HK\$835,378,000 (2024: HK\$1,003,736,000), representing a decrease of 16.8% over last year. Given the impact brought by the fact that the real estate industry in the PRC was recorded poor performance, there was a decline in the revenue from gas pipeline construction.

Gas pipeline construction contributed 6.7% of the total turnover of the Group, as compared with 7.4% during the corresponding period last year. The following table sets forth the breakdown of revenue from gas pipeline construction by customers.

Revenue from gas pipeline construction by customers

	Year ended 31st December,				
	2025 HK\$'000	% of total	2024 HK\$'000	% of total	Increase/ (Decrease)
Residential households	658,792	78.9%	860,734	85.8%	(23.5)%
Non-residential customers	176,586	21.1%	143,002	14.2%	23.5%
Total	835,378	100%	1,003,736	100%	(16.8)%

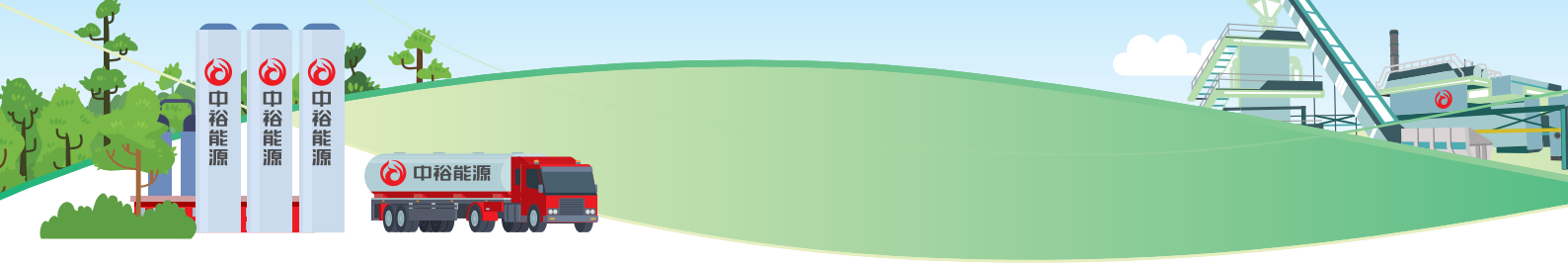
During the year ended 31st December, 2025, revenue from gas pipeline construction for residential households decreased by 23.5% to HK\$658,792,000 (2024: HK\$860,734,000). The drop was mainly attributable to the decrease in construction work for gas pipeline connection completed by the Group for residential households to 207,685 from 254,257 for the corresponding period last year. The average connection fee declined to RMB2,906 in 2025 from RMB3,087 in 2024.

The gross profit margin for gas pipeline construction for the year under review increased to 75.0% (2024: 69.7%).

The connection fee charged to industrial/commercial customers by the Group was significantly higher than that charged to residential households and was determined on a

case-by-case basis. During the year ended 31st December, 2025, revenue from gas pipeline construction for non-residential customers increased by 23.5% to HK\$176,586,000 from HK\$143,002,000 for last year.

As at 31st December, 2025, the Group's penetration rates of residential pipeline connection amounted to 71.8% (2024: 71.3%) (calculated by the accumulated number of the Group's connected residential households over the estimated aggregate number of connectable residential households in regions it operates in and expressed in percentages). In view of the favourable energy policies in the PRC, the Group aims to continuously increase its market coverage by acquisitions when suitable opportunities arise.



MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Smart energy

Revenue from smart energy for the year ended 31st December, 2025 decreased by 42.2% to HK\$667,569,000 from HK\$1,154,291,000 for last year. The decrease was mainly attributable to the Group's continuous optimization of the business segment structure. While ensuring the stable operation of existing comprehensive energy projects, the Group has focused on the new biomass mainline, concentrating superior resources on the strategic development of the entire upstream and downstream biomass industry chain. The smart energy business contributed 5.4% (2024: 8.6%) of the total turnover of the Group for the year ended 31st December, 2025. The Group will gradually establish a complete business chain from core equipment to terminal services, giving full play to the closed-loop advantages of "technology + equipment + services", laying a solid industrial foundation for the Group's diversified development path in the future.

Value-added Services

Revenue from value-added services for the year ended 31st December, 2025 amounted to HK\$454,962,000 (2024: HK\$368,462,000), representing an increase of 23.5% over last year. It contributed 3.6% of the total turnover of the Group, as compared with 2.7% of last year.

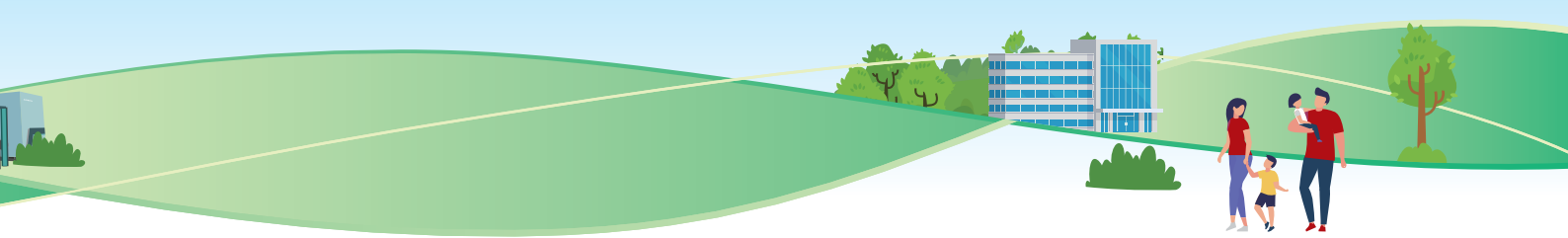
The increase was mainly contributed by the revenue from properties sold for the year ended 31st December, 2025 amounted to HK\$111,702,000 (2024: nil), which was included as value-added services. Since 2017, the Group placed greater efforts into value-added services such as sales of stoves and safe and reliable kitchenware, including gas water heaters, gas cooking appliances and wall-hang boilers under its own brand name, "Zhongyu Phoenix" (中裕鳳凰), to

residential customers. Excluded the revenue from properties sold, there was decrease in revenue of value-added services for the year under reviews, mainly due to decrease in the sales of gas stove, bellows, alarm and gasoline and diesel by 29.2% to HK\$120,025,000 from HK\$169,639,000 for last year. During the year ended 31st December, 2025, other than sales of gas stove, bellows, alarm and gasoline and diesel, revenue from sales of other stoves and provision of other related services increased by 12.3% as compared to last year. With the increasing number of connected residential customers and brand recognition developed in recent years, as well as the establishment of the online shopping platform "Zhongyu iFamille" (中裕家), the independent supply platform, customer service platform and customer online community, the value-added services are expected to contribute stable revenue to the Group.

Sales of CNG/LNG in Vehicle Filling Stations

Revenue from operating CNG/LNG vehicle filling stations for the year ended 31st December, 2025 amounted to HK\$169,578,000 (2024: HK\$211,601,000), representing a decrease of 19.9% compared to last year. The unit of natural gas sold to vehicles decreased by 15.2% to 46,328,000 m³ (2024: 54,638,000 m³) and the average selling price of natural gas for CNG/LNG vehicle filling stations decreased by 5.1% to RMB3.35 per m³ (2024: RMB3.53 per m³) for the year ended 31st December, 2025.

During the year ended 31st December, 2025, the turnover derived from operating CNG/LNG vehicle filling stations accounted for 1.4% (2024: 1.6%) of the total turnover of the Group. As at 31st December, 2025, the Group had 55 CNG/LNG vehicle filling stations and 7 CNG/LNG vehicle filling stations under construction in the PRC.



MANAGEMENT DISCUSSION & ANALYSIS FINANCIAL REVIEW

Gross profit margin

The overall gross profit margin for the year ended 31st December, 2025 was remained stable at 13.1% (2024: 13.1%).

The gross profit margin for the sales of piped natural gas remained stable at 7.4% for the year under review (2024: 7.4%). The Group's energy trading business has been strengthened to secure stable gas supply from different sources and contracts have been signed with suppliers to secure more piped gas supply with lower average cost. The gross profit margin for gas pipeline construction increased to 75.0% for the year under review (2024: 69.7%) as the increase in construction work for gas pipeline connection completed by the Group for industrial and commercial customers with higher gross profit margin. The gross profit margin of smart energy increased to 16.4% (2024: 9.2%) mainly because of the rapid development of the Group's comprehensive energy business in 2025 which provides multiple forms of energy such as steam, coldness, heat, electricity, hydrogen and photovoltaic in order to meet the diversified energy demand of customers. Such comprehensive energy business offers a range of smart energy product and services with varying gross profit margins. Additionally, the comprehensive energy business of the Group is gradually maturing, with the number of projects being put into operation increased year by year, the close relationship between city gas and smart energy business leads to continuous improvement in management and operation. The gross profit margin for value-added services decreased to 64.6% (2024: 78.2%) mainly due to lower gross profit margin contributed by sales of properties. For the sales of CNG/LNG in vehicle filling stations, the gross profit margin was 0.3% (2024: 1.5%) as a result of the decline in average selling price outweighed the decline in average purchase cost of CNG/LNG sold in vehicle refilling station.

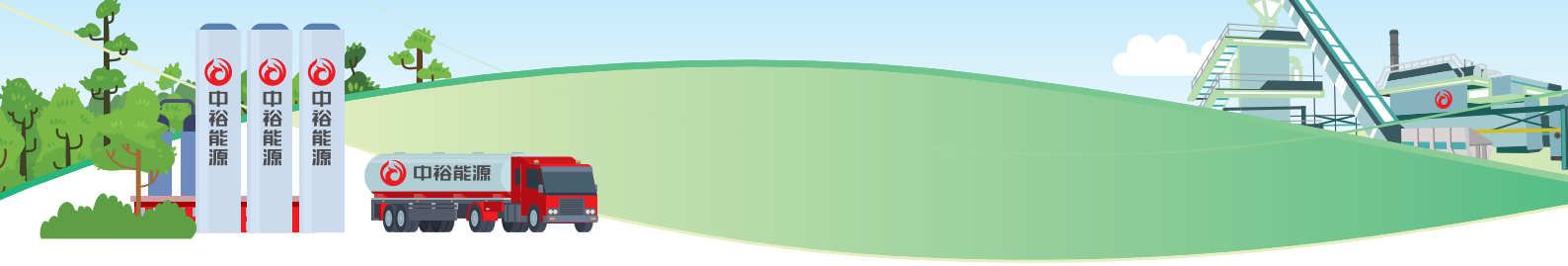
Other gains and losses

The Group recognised other net gains of HK\$149,507,000 in 2025 (2024: other net losses of HK\$15,586,000). The amount was mainly derived from net foreign exchange gain of HK\$152,635,000 (2024: net foreign exchange loss of HK\$12,805,000) mainly arising from the Group's bank borrowings denominated in US\$ and HK\$ as a result of the appreciation of RMB as at the 31st December, 2025.

Every year, the Group performs impairment assessment under expected credit loss model according to HKFRS 9 on trade receivables and contract assets based on provision matrix except for the debtors with credit-impaired balances which are assessed individually. During the year ended 31st December, 2025, the Group made an impairment loss of HK\$74,588,000 (2024: HK\$6,433,000) on trade receivables and HK\$10,213,000 (2024: HK\$1,506,000) on contract assets in consideration of the likelihood of recovery of those aged receivables. In addition, the Group recognised an impairment loss of HK\$23,460,000 (2024: HK\$4,071,000) on other receivables and HK\$20,000,000 (2024: nil) on long-term other receivables.

Other income

Other income decreased to HK\$120,280,000 in 2025 from HK\$206,515,000 in 2024. The amounts in 2025 represented the bank interest income of HK\$6,518,000 (2024: HK\$4,503,000), interest income from loans to employees of HK\$23,319,000 (2024: HK\$23,319,000), government subsidies of HK\$52,834,000 (2024: HK\$124,517,000) and sundry income of HK\$37,609,000 (2024: HK\$54,176,000).



MANAGEMENT DISCUSSION & ANALYSIS

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Selling and distribution costs and administrative expenses

Selling and distribution costs decreased by 18.0% to HK\$202,055,000 in 2025 from HK\$246,302,000 in 2024. The decrease was mainly attributable to the decrease in salaries arose from the declined sales of stoves and provision of other related services compared to last year. Administrative expenses decreased by 1.3% to HK\$615,500,000 in 2025 from HK\$623,557,000 in 2024. The decrease was mainly attributable to the decrease in depreciation expenses when compared to prior year.

Finance costs

Finance costs decreased by 36.9% to HK\$397,485,000 in 2025 from HK\$629,488,000 in 2024. The decrease was mainly attributable to decrement of effective interest rate.

Income tax expenses

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% for both years.

Under the EIT Law of the PRC, withholding tax is imposed on the dividend declared to non-PRC tax residents in respect of profits earned by PRC subsidiaries from 1st January, 2008 onwards. During the year ended 31st December, 2025, withholding tax amounting to HK\$30,355,000 (2024: HK\$17,493,000) was charged by the PRC tax authority on the dividends paid to overseas group entities.

Accordingly, the income tax expenses in 2025 amounted to HK\$319,713,000 (2024: HK\$247,553,000).

Non-HKFRS EBITDA

For the purposes of this report, non-HKFRS EBITDA is defined as earnings from continuing operations before finance costs, taxation, depreciation, amortisation, foreign exchange gain/loss, impairment losses/reversal of impairment losses and share option expenses. Non-HKFRS EBITDA is a non-HKFRS measure used by the management for monitoring the actual business performance of the Group. The Company considers that the non-HKFRS EBITDA can provide shareholders and potential investors of the Company with useful supplementary information on the performance of the Group's core operations. Foreign exchange gain/loss and share option expenses are considered not directly resulting from the actual business activities of the Group. They, together with the impairment losses/reversal of impairment losses, are non-cash items which we do not believe are reflective of the core operating performance of the Group. The non-HKFRS EBITDA may not be comparable to similar measures presented by other companies.

The Group's non-HKFRS EBITDA was approximately HK\$1,581,557,000 for the year ended 31st December, 2025, representing a decrease of 8.1% as compared with that of approximately HK\$1,721,595,000 for last year.

Profit attributable to owners of the Company

As a result of the above, profit attributable to owners of the Company was HK\$247,278,000 in 2025, representing an increase of 68.9% as compared with that of HK\$146,384,000 in 2024.

Net profit margin

For the year ended 31st December, 2025, the net profit margin, representing a ratio of profit attributable to owners of the Company to turnover, was 2.0% (2024: 1.1%).



MANAGEMENT DISCUSSION & ANALYSIS FINANCIAL REVIEW

Earnings per share

The basic and diluted earnings per share attributable to the owners of the Company were HK8.98 cents and HK8.98 cents respectively in 2025, as compared with that of HK5.25 cents and HK5.25 cents respectively in 2024.

Net assets value per share

The net assets value per share attributable to the owners of the Company was HK\$2.67 as at 31st December, 2025, representing an increase of 0.4% as compared with that of HK\$2.66 as at 31st December, 2024.

LIQUIDITY, FINANCIAL RESOURCES AND WORKING CAPITAL

Treasury Management and Cash Funding

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group continues to monitor its cash flow position and debt profile, and to enhance the cost-efficiency of funding initiatives by its centralised treasury function. In order to maintain financial flexibility and adequate liquidity for the Group's operations, potential investments and growth plans, the Group has built a strong base of funding resources and will keep exploring cost-efficient ways of financing.

Liquidity

As at 31st December, 2025, the total assets of the Group decreased by HK\$663,311,000 or 2.5% to HK\$25,559,313,000 (2024: HK\$26,222,624,000).

As at 31st December, 2025, the Group has net current liabilities of HK\$5,588,901,000 (2024: HK\$3,117,950,000). Increase in net current liabilities was mainly due to increase in borrowings due within one year.

As at 31st December, 2025, the Group's current ratio, represented by a ratio of total current assets to total current liabilities, was approximately 0.5 (2024: 0.7).

As at 31st December, 2025, the total borrowings and lease liabilities increased by HK\$297,162,000 or 2.3% to HK\$13,221,438,000 (2024: HK\$12,924,276,000).

As at 31st December, 2025, the Group had total net debts of HK\$12,138,606,000 (2024: HK\$11,273,419,000), measured as total borrowings and lease liabilities minus the bank balances and cash. As at 31st December, 2025, the Group had net gearing ratio of approximately 1.46 (2024: 1.35), measured as total net debts to total equity of HK\$8,304,723,000 (2024: HK\$8,380,971,000). The increase of net gearing ratio mainly due to the increase of total borrowings and decrease of total equity.

Financial resources and liquidity

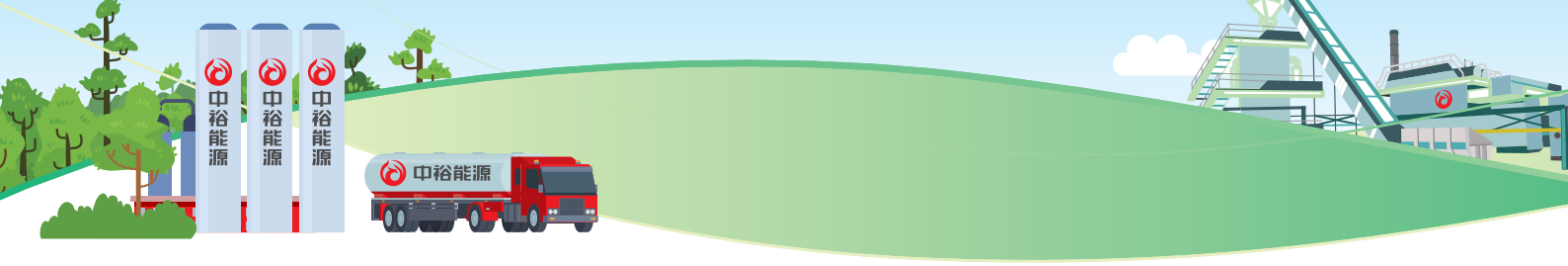
During the year ended 31st December, 2025, the Group entered into several loan agreements with several banks in Hong Kong, pursuant to which loan facilities of up to HK\$5,522,256,000 in total were made available to the Group.

During the year ended 31st December, 2025, the Group generally financed its operations with internally generated resources and bank and other borrowings. As at 31st December, 2025, all of the bank and other borrowings were on normal commercial terms.

The Group's borrowing was not affected by seasonality.

The Group's borrowings, principally denominated in RMB, which were outstanding as at 31st December, 2025 amounted to approximately HK\$10,782,624,000 (2024: HK\$8,739,376,000). Bank borrowings amounting to approximately HK\$10,116,770,000 (2024: HK\$10,142,924,000) and approximately HK\$3,078,920,000 (2024: HK\$2,756,748,000) were carried at floating interest rate and fixed interest rate respectively.

Cash and cash equivalents held by the Group as at 31st December, 2025 was approximately HK\$1,035,739,000 (2024: HK\$1,495,088,000), principally denominated in RMB.



MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

In view of the Group's current financial and liquidity positions and taking into account the cash generated from operating activities and available financing facilities from banks, the Directors are of the opinion that the Group has sufficient working capital for its requirements.

EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

During the year, the Group's monetary assets and liabilities are principally denominated in either Renminbi ("RMB"), Hong Kong dollars ("HK\$") or United States dollars ("US\$") and the Group conducted its business transactions principally in RMB. As a result of the appreciation of RMB in 2025, exchange gain arose from the Group's bank borrowings denominated in US\$ and HK\$ as at 31st December, 2025. The Group may, as it thinks fit, seek suitable financial instruments to hedge against potential fluctuation of RMB. As at 31st December, 2025, the Group did not, but was actively exploring opportunities to, employ any financial instruments for hedging purposes.

EMPLOYEE INFORMATION

As at 31st December, 2025, the Group had a total of 5,080 employees (2024: 5,146) in Hong Kong and the PRC, and the total employee benefit expenses (other than directors) for the year was approximately HK\$654,222,000 (2024: HK\$651,570,000). The growth was mainly due to the increase in the average number of headcount of the Group. Around 99.8% of the Group's employees are based in the PRC.

The Group's remuneration and bonus policies are determined based on the performance of individual employees.

The emoluments of the Directors are recommended by the Remuneration Committee of the Company, having regard to the Group's operating results, the Directors' duties and responsibilities within the Group and comparable market statistics.

SHARE OPTION SCHEME

On 24th October, 2003, the Company adopted a share option scheme ("First Share Option Scheme") pursuant to which the Directors were authorized to grant share option to its employees (including executive directors and employees of any of its subsidiaries) or any person who has contributed or will contribute to the Group. The First Share Option Scheme was terminated and replaced by a new share option scheme ("Second Share Option Scheme") on 3rd May, 2013 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 3rd May, 2013. As at 31st December, 2025, there was no share option outstanding under the First Share Option Scheme.

The Second Share Option Scheme was valid and effective for a period of ten years commencing on 3rd May, 2013 and expired on 2nd May, 2023. Under the Second Share Option Scheme, the Directors may offer to any employees or any eligible person, who has made or will make contributions to the Group, share options to subscribe for shares in the Company in accordance with the terms of the Second Share Option Scheme. Such scheme was terminated and replaced by another new share option scheme ("Third Share Option Scheme") on 2nd June, 2023 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 2nd June, 2023.

The details of the Second Share Option Scheme and movements of the Company's share options granted under the Second Share Option Scheme during the year ended 31st December, 2025 are disclosed in the section headed "Share Option Scheme" in the Directors' Report.



MANAGEMENT DISCUSSION & ANALYSIS FINANCIAL REVIEW

The Third Share Option Scheme shall be valid and effective for a period of ten years commencing on 2nd June, 2023 and will expire on 1st June, 2033. Under the Third Share Option Scheme, the Directors may offer to any employees or any participant who is a director or employee of any related entity in accordance with Chapter 17 of the Listing Rules, who has made or will make contributions to the Group, share options to subscribe for shares in the Company in accordance with the terms of the Third Share Option Scheme. Since the adoption of the Third Share Option Scheme and during the year ended 31st December, 2025, no share option have been granted, exercised, cancelled or lapsed under the Third Share Option Scheme.

CHARGE ON THE GROUP'S ASSETS

As at 31st December, 2025, pledged bank deposit of RMB50,000,000 (equivalent to HK\$55,865,000), property, plant and equipment of RMB204,532,000 (equivalent to HK\$228,527,000) and certain trade receivables of the Group were used to secure general banking facilities granted to the Group.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSALS

During the year ended 31st December, 2025, save for events described in notes 21 and 22 to the consolidated financial statements, the Group did not conduct any significant investments, or material acquisitions or disposal of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

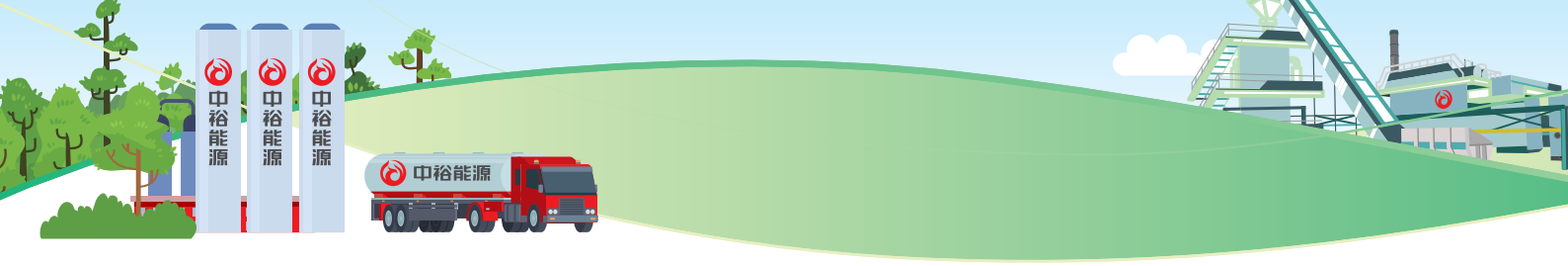
As at 31st December, 2025, the Board did not have any specific plans for material investment or capital assets.

CAPITAL AND OTHER COMMITMENTS

As at 31st December, 2025, the capital expenditure in respect of the acquisition of property, plant and equipment and right-of-use assets contracted for but not provided in the consolidated financial statements was HK\$91,585,000 (2024: HK\$98,076,000).

CONTINGENT LIABILITIES

As at 31st December, 2025, the Group did not have any contingent liabilities (2024: nil).



BIOGRAPHICAL INFORMATION OF DIRECTORS

Executive Directors

Mr. Wang Wenliang, aged 55, is the Chairman of the Company. He was appointed as an executive Director on 10th July, 2003 and is responsible for the overall strategic planning and operational development of the Company and its subsidiaries (collectively the “Group”). Mr. Wang also serves as a director of certain other subsidiaries within the Group. Mr. Wang have accumulated over 30 years of business experience in China. With keen investment vision and rich operational and management experience, he has invested in various fields including financial securities, internet information services and operation, building materials, real estate development, energy and infrastructures, etc. Mr. Wang currently serves as the standing vice chairman of Hong Kong Association for Promotion of Peaceful Reunification of China Limited, the deputy chairman of the fourth council of China Foundation For Justice And Courage and a Justice of the Peace of the HKSAR. Mr. Wang was an executive director of China Gas Holdings Limited between 17th January, 2003 and 10th June, 2003. Mr. Wang completed his postgraduate course in Finance in the Graduate School of Chinese Academy of Social Sciences in the PRC in June 2001. Mr. Wang completed the EMBA program at School of Business of Peking University in July 2019. Mr. Wang is the shareholder, a chairman and director of Hezhong Investment Holding Company Limited (“Hezhong”), which is a substantial shareholder (as defined in the Listing Rules) of the Company.

Mr. Yiu Chi Shing, aged 62, is the executive Director and Vice Chairman of the Company. He was appointed as an executive Director and Vice Chairman of the Company on 29th October, 2021. He holds a master’s degree in Business Administration from Huaqiao University, PRC and a honorary Doctor of International Business from William Penn University, Iowa, USA. He is also qualified as a senior economist. Mr. Yiu is the Chairman of the board of directors of TransGlobal Group (International) Limited, a company principally engaged in real estate development and operation, financial investments, tourist resorts and the construction of bridges, roads and urban public utility infrastructure in Hong Kong and Mainland China. He is the chairman of Popular Holdings Limited, a company principally engaged in educational services and book retail. Mr. Yiu is a non-executive director and vice chairman of United Energy Group Limited (stock code: 467). Mr. Yiu is a standing committee member of the National Committee of the Chinese People’s Political Consultative Conference, the president of the Hong Kong Association for Promotion of Peaceful Reunification of China Limited, a member of the Election Committee of the HKSAR and a Justice of the Peace of the HKSAR. He is also awarded the Gold Bauhinia Star by the Government of the HKSAR.

Mr. Lui Siu Keung, aged 54, is the Chief Executive Officer and Company Secretary of the Company. He was appointed as an executive Director of the Company on 22nd October, 2007. Mr. Lui joined the Company in 2003 and is responsible for the general business operations and management. Mr. Lui also serves as a director of certain other subsidiaries within the Group. Mr. Lui has over 25 years of experience in corporate finance, accounting and auditing fields. He graduated from The Hong Kong Polytechnic University with a bachelor of arts degree in accountancy in November 1996. Mr. Lui is a Fellow of the Hong Kong Institute of Certified Public Accountants (FCPA). Mr. Lui was an independent non-executive director of Dashan Education Holdings Limited (stock code: 9986) from June 2020 to Feb 2023.



BIOGRAPHICAL INFORMATION OF DIRECTORS

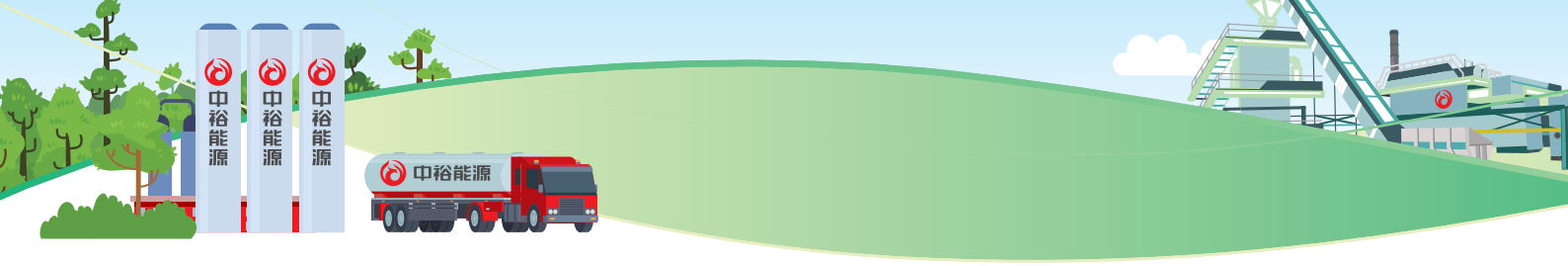
Mr. Jia Kun, aged 55, is an executive Director of the Company. He was appointed as an executive Director on 25th February, 2019. Mr. Jia graduated from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan University of Law (中南政法學院)) and Cheung Kong Graduate School of Business (長江商學院). Mr. Jia holds a bachelor of laws degree and an EMBA degree. Mr. Jia has several years of judicial, legal, risk management and administrative management experience. Mr. Jia previously served as head of office and chief executive officer of Henan Hezhong Group Company (河南和眾集團公司). Mr. Jia joined the Group in 2003 and currently serves as its executive president (執行總裁). Mr. Jia also serves as a director of certain other subsidiaries within the Group.

Mr. Peng Jun, aged 51, an executive Director of the Company. He was appointed as an executive Director on 3rd June, 2025. Mr. Peng also serves as a director and the president of certain other subsidiaries within the Group. Mr. Peng obtained an Executive Master of Business Administration (EMBA) degree from City University of Hong Kong in 2017. Mr. Peng has been deeply involved in the energy sector for 20 years and is a leading figure in the industry, known for both his strategic vision and hands-on experience. His areas of expertise include the launch, development and management of large-scale clean energy projects, LNG trading, the promotion of smart energy, integration of industry and urban development, and brand communication. Mr. Peng currently serves as vice president of the Henan Chamber of Commerce in Shenzhen.

Mr. Wang Jichao, aged 33, an executive Director of the Company. He was appointed as an executive Director on 3rd June, 2025. Mr. Wang joined the Group in 2023. He currently serves as executive director of the Hong Kong Association for Promotion of Peaceful Reunification of China Limited. Mr. Wang is an accomplished executive with extensive experience in finance, technology, and green energy. He has a strong cross-cultural educational background with renowned institutions, having earned a bachelor's degree in data sciences from Columbia University in 2016 and a master's degree with distinction in economics and management from Tsinghua University in 2020. Mr. Wang previously worked at HSBC's New York headquarters as an assistant director in the investment department, participating in project asset allocation and investment management. He then served as deputy director of the quantitative group for the Beijing region at a globally renowned investment bank and venture capital fund. In 2022, he became the head of marketing for ByteDance's Nuverse in Beijing. Mr. Wang is the son of the chairman of the Board, Mr. Wang Wenliang.

Independent Non-executive Directors

Mr. Li Chunyan, aged 62, is an independent non-executive Director, Chairman of Audit Committee, Remuneration Committee and Nomination Committee of the Company. He was appointed as an independent non-executive Director on 5th October, 2010. He has been a practicing lawyer at Henan Shi Ji Tong Law Office (河南世紀通律師事務所) since April 1999. He has also been a teacher at Xiangcheng Normal School in Henan Province, a lawyer at Pingdingshan Economic Law Office (平頂山經濟律師事務所), a lawyer at Asia Pacific (Group) CPAs, a certified public accountant, as well as a registered assets valuer. In July 2007, he attended the independent director training of Shenzhen Stock Exchange and obtained the qualification certificate of independent directors. He was an external director of Henan Investment Group Co., Ltd. (河南投資集團有限公司) from November 2022 to September 2025.



BIOGRAPHICAL INFORMATION OF DIRECTORS

Dr. Key Ke Liu, aged 62, is an independent non-executive Director, a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He was appointed as an independent non-executive Director on 21st August, 2023. Dr. Liu is now the chair professor, the dean of School of Innovation and Entrepreneurship and the dean of Clean Energy Institute at the Southern University of Science and Technology in Shenzhen, China, a foreign member of the Australian National Academy of Engineering. Dr. Liu holds a bachelor and a master of science in chemical engineering from Northwestern University in Xian, China, a master's degree and PhD in chemical engineering from City University of New York and a master's degree in management from Rensselaer Polytechnic Institute. Dr. Liu was an independent director of Konfoong Materials International Co., Ltd. (寧波江豐電子材料股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300666) for the period from April 2015 to December 2020, Shenzhen Hifuture Information Technology Company Limited (深圳市惠程信息科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002168) for the period from July 2016 to March 2023, Shenzhen Agricultural Power Group Company Limited (深圳市農產品集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000061) for the period from January 2023 to July 2024 and Winner Medical Co., Ltd. (穩健醫療用品股份有限公司) (a company listed on ChiNext of the Shenzhen Stock Exchange, stock code: 300888) for the period from July 2021 to August 2024.

Ms. Liu Yu Jie, aged 61, is an independent non-executive Director, a member of Audit Committee, Remuneration Committee and Nomination Committee of the Company. She was appointed as an independent non-executive Director on 30th June, 2017. Ms. Liu graduated from University of International Business and Economics in Beijing and obtained a master's degree in business management. She has been working in Hong Kong, Singapore and the PRC for over 20 years and is familiar with the business environment and regulatory systems of such jurisdictions. She has comprehensive

experience in capital markets, business promotion and corporate management through participating in initial public offerings, underwriting over 30 companies in their respective initial public offerings on The Stock Exchange of Hong Kong Limited, and having led and completed mergers and acquisitions of a number of companies in Hong Kong and Singapore. Ms. Liu also assisted in capital raising and management of large-scale industrial funds which make investments in China, and acted as executive directors of listed companies in Hong Kong and Singapore which engaged in utilities and infrastructure investments. Ms. Liu is an executive director of New Universe Environmental Group Limited (stock code: 436) and Kangda International Environmental Company Limited (stock code: 6136). She was also an executive director of SIIC Environment Holdings Ltd. (a company listed on the Singapore Exchange) from 19th November, 2009 to 8th August, 2014 and an executive director and a non-executive director of China Water Affairs Group Limited (stock code: 855) from 10th September, 2014 to 11th April, 2023 and from 12th April, 2023 to 1st October, 2025, respectively.

Update on Directors' Information Under Rule 13.51B(1) of the Listing Rules

- Mr. Wang Wenliang was appointed as a Justice of the Peace of the HKSAR with effect from 1st July, 2025.
- Mr. Yiu Chi Shing was re-designated from an executive director to a non-executive director of United Energy Group Limited (stock code: 467) with effect from 4th June, 2025.
- Mr. Li Chunyan was ceased to be an external director of Henan Investment Group Co., Ltd. (河南投資集團有限公司) with effect from 24th September, 2025.
- Ms. Liu Yu Jie was resigned as a non-executive director of China Water Affairs Group Limited (stock code: 855) with effect from 2nd October, 2025.



CORPORATE GOVERNANCE REPORT

The board of directors (the “Directors”) and the management of Zhongyu Energy Holdings Limited (the “Company”) are committed to high standards of corporate governance. Corporate governance system is set up to achieve a balance of the interests of different participants in the corporation, to direct and manage corporate affairs and to monitor corporate performance. The Company is dedicated to continue improving its corporate governance practices to ensure accountable, transparent and efficient management.

The Company has fully complied with all code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) (the “CG Code”) for the year ended 31st December, 2025. The following summarises the corporate governance practices of the Company and the reasons for deviations, if any, from the CG Code.

Executive Directors:

Mr. Wang Wenliang (“Mr. Wang”) (*Chairman*)
Mr. Yiu Chi Shing (*Vice Chairman*)
Mr. Lui Siu Keung (“Mr. Lui”) (*Chief Executive Officer*)
Mr. Jia Kun (*Executive President*)
Mr. Lu Zhaoheng (*retired with effect from 2nd June, 2025*)
Mr. Li Yan (*resigned with effect from 3rd June, 2025*)
Mr. Peng Jun (*appointed with effect from 3rd June, 2025*)
Mr. Wang Jichao (*appointed with effect from 3rd June, 2025*)

Independent Non-executive Directors:

Mr. Li Chunyan
Dr. Key Ke Liu
Ms. Liu Yu Jie

Save for the fact that Mr. Wang Jichao is the son of Mr. Wang, and the Directors’ business relationships as a result of their respective directorships and positions in the Company and its subsidiaries (collectively the “Group”), there are no financial, business, family or other material or relevant relationships among members of the Board.

The Company received a written annual confirmation of independence from each of the independent non-executive Directors pursuant to the Rule 3.13 of the Listing Rules. The Company considered each independent non-executive Director to be independent.

A. Board of Directors

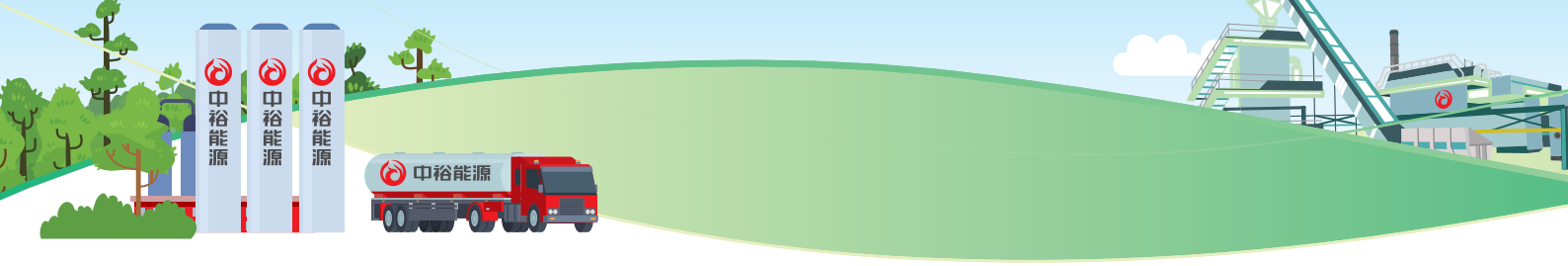
The board of Directors (the “Board”), holds responsibility for leadership and control of the Company. By directing and supervising corporate affairs, the Board plays an important role in protecting and enhancing long-term shareholder value.

A.1 Board composition

As at 31st December, 2025, the Board included nine Directors, of which six were executive Directors and the remaining three were independent non-executive Directors. The composition of the Board for the year ended 31st December, 2025 and up to the date of this report are as follows:

Given the business nature, the Board members have distinct skills and experience in a variety of business range, which includes city gas network design and operation, organisational management, financial and securities trading market, etc.. The relevant biographies and the respective roles of all Directors on the Board are set out on pages 28 to 30 in this report.

The primary roles of the Board are to set the corporate strategy by determining business objectives, development plan and strategic policies; to delegate day-to-day operations to the management and to monitor their operating and financial performance; to avoid risks and oversee corporate affairs.



CORPORATE GOVERNANCE REPORT

A.2 Board meetings and information supply

The Board meets regularly and board meetings were held quarterly and additional meetings would be arranged, if and when required. All Directors can attend meetings in person or through other electronic means of communication.

The Company Secretary assists the Chairman in establishing the meeting agenda and each Director may request inclusion of matters in the agenda.

Notice of at least 14 days in advance is given for a regular board meeting to give all Directors an opportunity to attend.

The management of the Company has provided the Board with adequate information in a timely manner to enable it to make informed decisions. In addition, the management may be invited, if and when requested, to attend board meetings to make presentation and answer the queries raised by the Board.

All Directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures, and all applicable rules and regulations are followed.

Executive Directors

Mr. Wang Wenliang (Chairman)	1	100%	16	100%
Mr. Yiu Chi Shing (Vice Chairman)	1	100%	16	100%
Mr. Lui Siu Keung (Chief Executive Officer)	1	100%	16	100%
Mr. Jia Kun (Executive President)	1	100%	16	100%
Mr. Lu Zhaoheng (retired with effect from 2nd June, 2025)	1	100%	9 (Note 2)	100%
Mr. Li Yan (resigned with effect from 3rd June, 2025)	1	100%	9 (Note 2)	100%
Mr. Peng Jun (appointed with effect from 3rd June, 2025)	0	0%	7 (Note 2)	100%
Mr. Wang Jichao (appointed with effect from 3rd June, 2025)	0	0%	7 (Note 2)	100%

Independent Non-executive Directors

Mr. Li Chunyan	1	100%	16	100%
Dr. Key Ke Liu	1	100%	16	100%
Ms. Liu Yu Jie	1	100%	16	100%

Notes:

- The general meeting was an annual general meeting which was held on 2nd June, 2025.
- There were 9 board meetings held during Mr. Lu Zhaoheng and Mr. Li Yan's tenure in 2025 and there were 7 board meetings held during Mr. Peng Jun and Mr. Wang Jichao's tenure in 2025.

Minutes of board meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable notice by any Director.

Minutes of board meetings are recorded in sufficient detail and draft and final versions of minutes of board meetings are sent to all Directors for their comment and records respectively, in both cases within a reasonable time after the board meeting is held.

If and when a substantial shareholder of the Company or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation but a board meeting would be held. Independent non-executive Directors (and whose associates) who have no material interest in the transaction would be present at such board meeting.

For the year ended 31st December, 2025, the Board held 16 board meetings and the Company held one general meeting. The attendance records of all board meetings and the general meeting are set out below:

	General meeting (Note 1)	Board meetings
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A.3 Chairman and chief executive

The Chairman is responsible for offering leadership and effectiveness for the Board, arranging all key and appropriate issues to be discussed by the Board in a timely manner, and ensuring the Board acts in the best interests of the Group by establishing constructive relations between executive and non-executive Directors and providing effective communication with shareholders; whereas the chief executive is responsible for running the Group's business, supervising the implementation of the Group's strategy in achieving the overall commercial objectives and managing the day-to-day operation of the Group.

The Provision C.2.1 in Part 2 of CG Code provides that the roles of Chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and chief executive should be clearly established and set out in writing.

During the year ended 31st December, 2025, Mr. Wang served as the Chairman and Mr. Lui served as the chief executive officer. Save for their business relationship as a result of their respective directorships and positions in the Group, there are no financial, business, family or other material or relevant relationships between Mr. Wang and Mr. Lui.

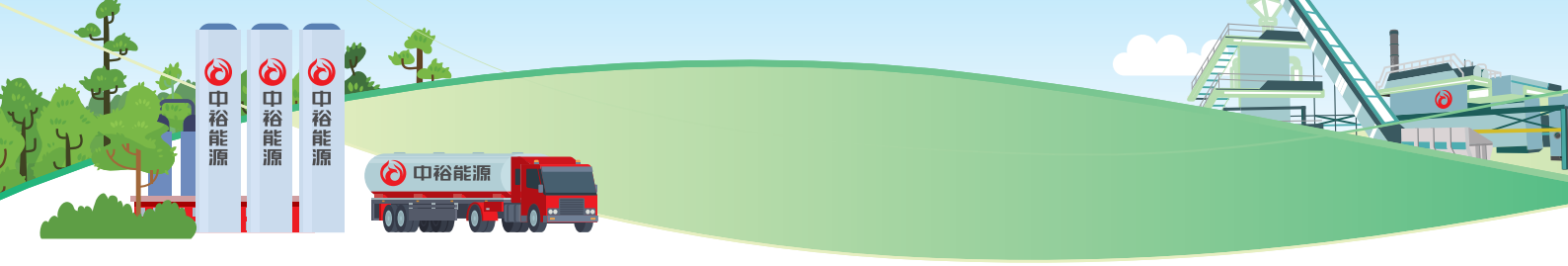
A.4 Appointments and re-election

According to the Company's articles of association amended and restated on 2nd June, 2022 ("Articles of Association"), the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board and the Directors shall have the power from

time to time and at any time to appoint any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the company and shall then be eligible for re-election.

Except for the Directors hereinafter, the Company renewed the service contracts with each Director on 11th July, 2024. The Company renewed the service contracts with Ms. Liu Yu Jie on 3rd June, 2023, with Mr. Yiu Chi Shing on 29th October, 2024 and with Mr. Jia Kun on 25th February, 2025. The Company entered into service contract with Dr. Key Ke Liu on 21st August, 2023 and with Mr. Peng Jun and Mr. Wang Jichao on 3rd June, 2025. The term of appointment for the Directors is three years and they are subject to retirement by rotation and re-election in accordance with the Articles of Association. The details of procedure for retirement of Directors are as follows:

According to the Articles of Association, one-third of the Directors shall retire from office by rotation at the annual general meeting. Furthermore, in compliance with Provision B.2.2 in Part 2 of CG Code, every director should be subject to retirement by rotation at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Director so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall be determined by lot. Any Director appointed pursuant to the Company's Articles of Association as stated in the first paragraph under the heading "A.4 Appointment and re-election" shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.



CORPORATE GOVERNANCE REPORT

Mr. Peng Jun and Mr. Wang Jichao were appointed as executive Directors with effect from 3rd June, 2025. Each of them obtained the legal advice referred to in Rule 3.09D of the Listing Rules and confirmed that he understood his obligations as a director of a listed issuer on 22th May, 2025.

A.5 Responsibilities of directors

Directors are provided with sufficient and appropriate information by management periodically to ensure they have a proper understanding of the operations and business of the Group, and to enable them to be fully aware of their responsibilities. When a new Director is appointed, he will receive a formal induction and other materials to familiarize with the Group promptly. Besides every Director is required to disclose his interests, potential conflict of interests, and changes in a timely manner according to the Group's written responsibilities guideline. The Company strive to ensure independent views and input are available to the Board. The independent non-executive Directors participate in board meetings and serve on relevant committees to make an independent judgment on corporate affairs and to develop a balanced understanding of the views of shareholders. Individual Directors may also seek external independent professional advice, at the Company's expense, on any specific matter. The Company also encourages all Directors to participate in programs of continuous professional development to develop and refresh their knowledge and skills, in order to discharge their responsibilities positively and constructively.

A.6 Directors' securities transaction

The Company has adopted and complied with the Model Code as set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, they have all confirmed their compliance with the required standard of dealings and the Model Code regarding securities transactions by Directors adopted by the Company during the year ended 31st December, 2025.

A.7 Directors and Officers' Liabilities Insurance

The Company maintains appropriate insurance cover in respect of legal action against the Company's directors and officers when they discharge their duties. The insurance coverage is reviewed on an annual basis.

A.8 Corporate Governance Functions

The Board also assumes the corporate governance functions and is responsible for: developing and reviewing the Company's policies on corporate governance; reviewing and monitoring training and continuous professional development of Directors and senior management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the Company's code of conduct; and reviewing the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

A.9 Continuous Professional Development

Any newly appointed Director would receive an induction package covering the Group's operations, businesses, governance policies and the statutory regulatory obligations and responsibilities of a director of a listed company. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged in-house trainings for Directors and provision of training materials. A summary of training received by Directors during the year ended 31st December, 2025 according to the records provided by the Directors is as follows:

Name of Directors	Training on corporate governance, Directors' responsibilities and other relevant topics
Executive Directors	
Mr. Wang Wenliang	✓
Mr. Yiu Chi Shing	✓
Mr. Lui Siu Keung	✓
Mr. Jia Kun	✓
Mr. Lu Zhaoheng <i>(retired with effect from 2nd June, 2025)</i>	✓
Mr. Li Yan <i>(resigned with effect from 3rd June, 2025)</i>	✓
Mr. Peng Jun <i>(appointed with effect from 3rd June, 2025)</i>	✓
Mr. Wang Jichao <i>(appointed with effect from 3rd June, 2025)</i>	✓
Independent non-executive Directors	
Mr. Li Chunyan	✓
Dr. Key Ke Liu	✓
Ms. Liu Yu Jie	✓

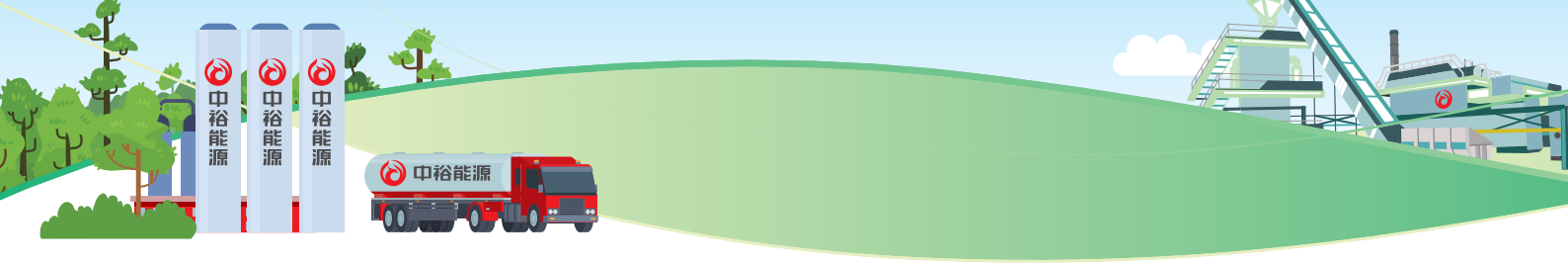
The Directors confirmed that they have complied with the Provision C.1.4 in Part 2 of CG Code Provision in relation to continuous professional development.

B. Remuneration Matters

The Board has established a Remuneration Committee comprising three independent non-executive Directors including Mr. Li Chunyan, Dr. Key Ke Liu and Ms. Liu Yu Jie. Mr. Li Chunyan is the chairman of the Remuneration Committee. The Remuneration Committee meets at least once a year. It will consult the Chairman about their remuneration proposals for other executive directors and the primary responsibilities of the Remuneration Committee are: to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; to determine specific remuneration packages of individual executive directors and senior management including benefits in kind, pension rights and compensation policy (i.e. the model as described in Provision E.1.2(c) in Part 2 of CG Code was adopted); to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; to ensure that no Director or any of his associates is involved in deciding his own remuneration; and to review and/or approve matters related to share schemes under Chapter 17 of the Listing Rules.

Two remuneration committee meetings were held during the year ended 31st December, 2025 to review the remuneration packages of Directors with reference to their duties and responsibilities within the Group, the Company's remuneration policy and the prevailing market condition. The attendance record of the Remuneration Committee meeting is set out below:

Independent Non-executive Directors		
Mr. Li Chunyan (Chairman)	2	100%
Dr. Key Ke Liu	2	100%
Ms. Liu Yu Jie	2	100%



CORPORATE GOVERNANCE REPORT

C. Accountability and Audit

C.1 Financial reporting

The Directors acknowledge their responsibilities for preparing the accounts of the Group and ensuring that the preparation of the accounts of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors shall ensure the publication of the Group's accounts in a timely manner.

The statement of the Auditor of the Company about their reporting responsibilities on the accounts of the Group is set out in the Independent Auditor's Report of this Annual Report.

C.2 Risk Management and Internal controls

The risk management and internal control systems have a key role in the management of risks that are significant to the fulfillment of corporation business objectives. Internal control is designed to facilitate the effectiveness and efficiency of operations, to help ensure the reliability of internal and external reporting, to assist compliance with laws and regulations.

Risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is responsible for the Group's risk management and internal control systems and reviewing their effectiveness. The effectiveness of the risk management

and internal control systems is reviewed annually by the Board through the Audit Committee. Management is accountable to the Board for ongoing monitoring of the systems of risk management and internal control. By covering financial, operational, compliance controls and risk management, the Board takes the following procedures to achieve business objectives: A distinct organizational structure exists with defined lines of authority and control responsibilities.

- As the Board sets up corporate strategy and delegates daily operation power to senior management, both senior managers in administration headquarter and heads in divisions or projects are involved in the strategic plan and resource allocation to achieve their annual operational and financial targets.
- A comprehensive performance assessment system is implemented to provide financial and operational performance evaluation for both the management and employees once a year. When there are variances against targets or quality requirements, to find the reasons and take appropriate actions to eliminate gaps.

According to business nature and management structure, the Company has established different departments in two levels. The administration headquarter has major responsibilities to prepare and accomplish the Group's business development plan, to conduct day-to-day operation and report to senior management directly, to appoint and direct administrative officers in gas project divisions and to assess their business performances, to implement internal control



CORPORATE GOVERNANCE REPORT

and avoid operational and financial risks. Compared with headquarter offices, the gas project divisions hold very similar duties except that all their daily jobs are done in a lower level and they have to report to the corresponding administration departments respectively on different operational matters.

In order to realize effective financial controls, through maintenance of proper accounting records, both the upper and lower financial departments ensure the Group is not unnecessarily exposed to avoidable financial risks and the financial information can be used only within the business and for reliable publication. They also contribute to pre-setting annual financial budgets, saving expenses and safeguarding of assets, including the prevention and detection of fraud.

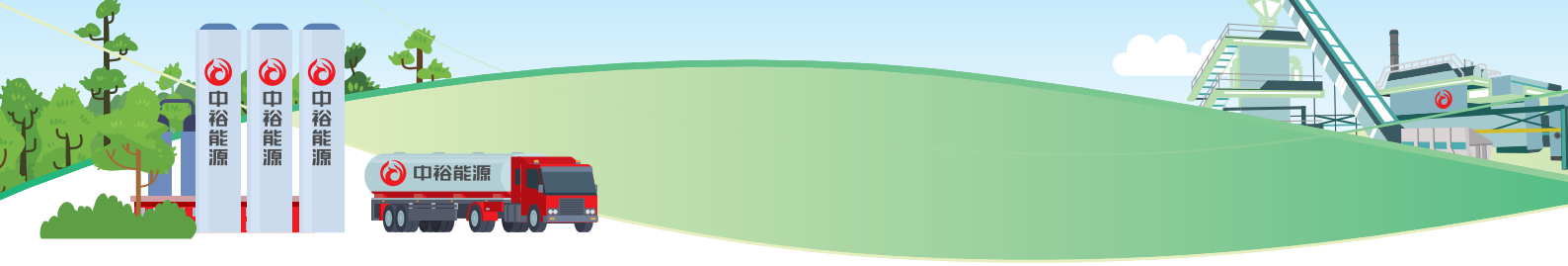
Operational control is another important part of the whole risk management and internal control system. To achieve effective result and avoid operational risks, human resource department employs motivation plan to attract employees with necessary knowledge, skills and information, while administrative and engineering departments in two levels pay more attention to ensure efficient operational management and construct high quality gas projects. In addition, all employees have responsibility for internal control as part of their accountability for achieving the Group's objectives. With delegated authority, they are allowed to establish, operate and monitor the system of internal control, and are required to have an understanding of the Group, its objectives, the energy industry and gas markets, and the risks it faces.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is aware of its obligations under the Securities and Futures Ordinance and the Listing Rules and the overriding principle that inside information should be announced as soon as practicable after such information comes to our attention unless it falls within the "Safe Harbours" as defined under the Securities and Futures Ordinance;
- conducts its affairs in strict compliance with the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012;
- has implemented procedures for responding to external enquiries about the Group's affairs; and
- has implemented policy regarding prohibition on the unauthorised use of confidential or inside information.

The Group's internal audit department checks for compliance with statutory requirements, internal policies and procedures. It assesses the operating effectiveness and efficiency of the Group's risk management and internal control systems in the course of its audit. The audit scope and frequency are determined by the level of assessed risks and have to be reviewed and approved by the Audit Committee.

The Board, through the Audit Committee, reviews the risk management and internal control systems of the Group once every year.



CORPORATE GOVERNANCE REPORT

During the year ended 31st December, 2025, the Board, through the Audit Committee, conducted an annual review of the effectiveness of the risk management and internal control systems of the Group. The annual review covered all material controls, including financial, operational and compliance controls. The annual review also covered the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, which the Board considered to be effective and adequate.

As part of the key processes that have been established in reviewing the adequacy and integrity of the systems of risk management and internal control, the Audit Committee of the Company reviewed risk management and internal control issues (if any) identified by internal auditor, external auditor, regulatory authorities and management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems.

The Board is of the view that the risk management and internal control systems of the Group are effective and adequate. The Board is also satisfied that the Group has fully complied with the code provisions on risk management and internal controls as set forth in the CG Code.

C.3 Audit committee

The Company has established the Audit Committee in compliance with Rules 3.21 and 3.23 of the Listing Rules. The primary duties of the Audit Committee are: to independently review and supervise the financial reporting process and risk management and internal control systems,

to ensure good communication among Directors and the Company's auditors, to recommend the appointment of external auditors on an annual basis and approval of the audit fees, to assist the Board in oversight of the independence, qualifications, performance and compensation of the independent accountant, to review interim and annual results announcements as well as the financial statements prior to their approval by the Board, to provide audit report, advice, accounting policies and comments to all Directors.

The Audit Committee comprises three independent non-executive Directors who have extensive experience in financial matters, including Mr. Li Chunyan, Dr. Key Ke Liu and Ms. Liu Yu Jie. Mr. Li Chunyan is the chairman of the Audit Committee. In 2025, the Audit Committee held three meetings to check the effectiveness of the risk management and internal control systems; to review the report of internal control prepared by the internal audit department; to consider major investigation findings on risk management and internal control matters (if any); to review the effectiveness of the Company's internal audit function; to review all draft interim and annual financial reports, circulars and announcements; and understand the external auditors' statutory audit plan and the Letters of Representation, to consider and review the audit proposal provided by Deloitte (the previous auditor of the Company prior to 4th August, 2025) and KPMG (the new auditor of the Company with effect from 7th August, 2025), respectively, to consider and recommend the appointment of KPMG as the new auditor, to understand the reasons of resignation of Deloitte and to consider other matters in respect of the



CORPORATE GOVERNANCE REPORT

change of auditor in 2025, and to consider and approve the audit fees. The attendance records of the Audit Committee meetings are set out below:

Independent Non-executive Directors

Mr. Li Chunyan (<i>Chairman</i>)	3	100%
Dr. Key Ke Liu	3	100%
Ms. Liu Yu Jie	3	100%

C.4 Auditor's remuneration

The remuneration in respect of audit service provided by KPMG, being the Company's auditor during the year 2025, amounted to HK\$3,680,000. The remuneration in respect of non-audit service during the year 2025, amounted to HK\$164,000.

D. Nomination Committee

The Board has established a Nomination Committee with written terms of reference in compliance with the CG Code. The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendation to the Board on selection of candidates for directorships, the appointment and reappointment of Directors, Board succession planning and assessing the independence of independent non-executive Directors.

The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents. On selection of candidates for directorship of the Company, the Nomination Committee makes reference to criteria such as the skills, experience, professional qualifications, personal integrity and time commitments of such individuals. Each candidate shall be ranked by order of preference based on the needs of the Company and his/her reference check. The Nomination Committee

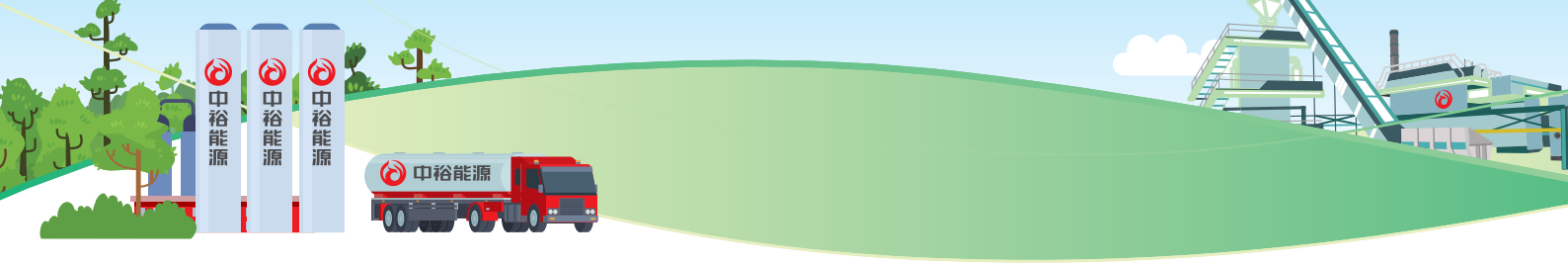
shall report its findings and make recommendation to the Board on the appointment of appropriate candidate for directorship for decision.

The Nomination Committee comprises three independent non-executive Directors including Mr. Li Chunyan, Dr. Key Ke Liu and Ms. Liu Yu Jie. Mr. Li Chunyan is the chairman of the Nomination Committee.

The Nomination Committee held two meetings during the year ended 31st December, 2025 to review the policy for the nomination of directors, review the nomination, appointment, re-appointment and re-election of Directors (including the appointment of Mr. Peng Jun and Mr. Wang Jichao as executive Directors with effect from 3rd June, 2025) and to determine the nomination procedures and consider the process and criteria to be adopted by the Nomination Committee for selecting and proposing a person for election as a Director including the benefits of board diversity in terms of skill, experience, knowledge and gender. The attendance record of the Nomination Committee meeting is set out below:

Independent Non-executive Directors

Mr. Li Chunyan (<i>Chairman</i>)	2	100%
Dr. Key Ke Liu	2	100%
Ms. Liu Yu Jie	2	100%



CORPORATE GOVERNANCE REPORT

The Company believes diversity is important to enhance board effectiveness by encouraging a diversity of perspectives and to maintain high standards of corporate governance. According to the Board diversity policy adopted by the Company, the range of diversity perspectives may include a consideration of various factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and industry and regional experience, and other factors based on the specific needs of the Company. Through the adoption of the Board diversity policy, the Board believes it has developed a pipeline of potential successors to the Board which could achieve gender diversity. As at the date of this Report, the Board comprises nine Directors, one of which is female. The Nomination Committee targeted to avoid a single gender Board. It will review the composition of the Board annually to ensure an appropriate balance of diversity perspectives of the Board is maintained and will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendation to the Board. The Nomination Committee considered the current size and composition of the Board to be sufficient to meet the Company's business needs.

E. Shareholders' Rights

Dividend Policy

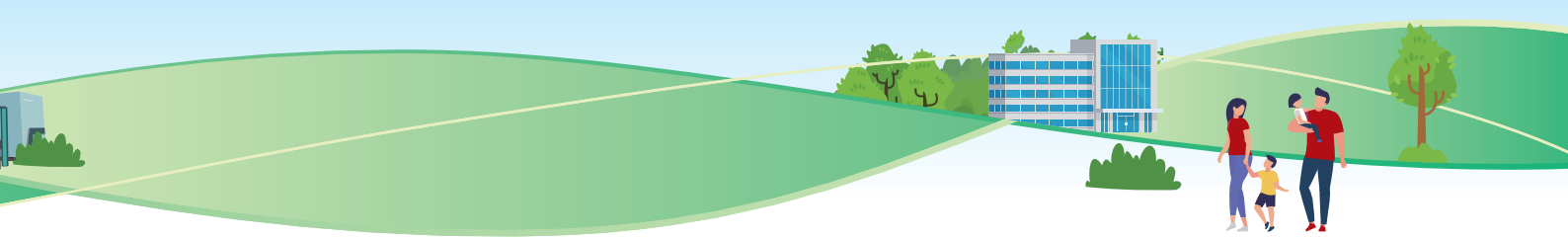
The Company adopted a dividend policy (the "Dividend Policy") which aimed to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company.

In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and needs for future growth as well as its shareholder value in the long-run.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- availability of distributable profits;
- business conditions and strategies;
- future operations and earnings;
- development plans;
- cash requirements;
- capital requirements and expenditure plans;
- interests of shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.



CORPORATE GOVERNANCE REPORT

Notwithstanding anything in the Dividend Policy, the declaration and payment of dividends (if any) by the Company is subject to the discretion of the Board, any restrictions under the Companies Law of the Cayman Islands, the Listing Rules, the laws of Hong Kong and the Company's Memorandum and Articles of Association and any other applicable laws and regulations.

Procedures for Shareholders to convene an extraordinary general meeting and putting forward proposals at Shareholders' meetings

Pursuant to Article 58 of the Articles of Association of the Company, any 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 shall at all times have the right, by written requisition to the Board or the company secretary of the Company by mail at Unit 02-06, 24th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, 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 21 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.

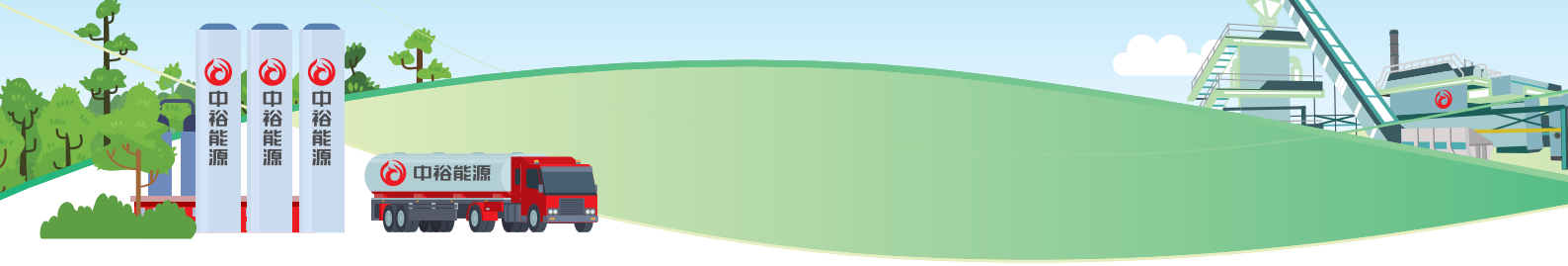
If shareholder(s) would like to express their views to a matter mentioned in a proposed resolution or other business to be dealt with at a general meeting, they can submit a written statement of not more than 1,000 words with respect to that matter or business to the company secretary at the address as mentioned in the preceding paragraph and request the Company to circulate their written statement to shareholders entitled to receive notice of the meeting. Such shareholder(s) must represent at least (a) 2.5% of the total voting rights of all the shareholders having the relevant right to vote at the meeting or (b) 50 shareholders having the relevant right to vote at the meeting.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the secretary of the Company by mail at Unit 02-06, 24th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the Directors of the Company.

Investor Relations and Shareholders Communication Policy

The Company endeavours to maintain an ongoing dialogue with shareholders and investment community, mainly through annual general meeting and other general meetings that may be convened. The members of the Board will make themselves available at general meetings to meet shareholders and answer their enquiries.



CORPORATE GOVERNANCE REPORT

The Company maintains a website at www.zhongyuenergy.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices (including Shareholders Communication Policy) and other information are available for public access. The Company has reviewed such channels during the year and considered its Shareholders Communication Policy effective and adequate.

F. Constitutional Documents

There was no change in the Company's constitutional documents during the year ended 31st December, 2025.

G. Company Secretary

The Company Secretary is Mr. Lui Siu Keung. He took no less than 15 hours of relevant professional training during the year ended 31st December, 2025.

H. Workforce Diversity

The Group is committed to providing equal opportunities for all employees and promoting a diverse and inclusive workplace. We respect and value the uniqueness of each employee and strictly adhere to the principle of equal opportunity in all employment matters to ensure that every employee is treated with respect and fairness. The Group prohibits any discrimination based on gender, disability, pregnancy, family status, race, color, religion, age, sexual orientation, nationality or union membership, and actively encourages the disabled to join and provides them with a supportive working environment.

As at the date of this report, approximately 66% of the Group's workforce (including senior management) is male and approximately 34% is female. The gender ratio is in line with industry norm.



DIRECTORS' REPORT

The directors of the Company present their annual report and the audited consolidated financial statements of the Group for the year ended 31st December, 2025.

Further discussion and analysis of the activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a fair review of the business, an analysis using key performance indicators and an indication of likely future development in the Group's business can be found in the "Chairman's Statement", "CEO Message" and the "Management Discussion and Analysis" sections of this annual report (which form part of this report of the Directors).

Principal Activities

The Company is an investment holding company and provides corporate management services to its subsidiaries. The activities of the Company's principal subsidiaries are set out in note 44 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31st December, 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 63 and 64.

The Board recommended the payment of a final dividend of HK3 cents per ordinary share (payable in cash) for the year ended 31st December, 2025 to shareholders whose names appear on the register of members of the Company on 9th July, 2026 and the final dividend are expected to be paid on or about 30th July, 2026. The payment of final dividend shall be subject to the approval of the shareholders at the forthcoming annual general meeting of the Company. There is no arrangement under which a shareholder has waived or agreed to waive any dividends.

Investment Properties and Pipelines

The Group revalued all of its investment properties and pipelines included in property, plant and equipment at the year end date. The decrease in fair value of investment properties, which has been debited to profit or loss, amounted to HK\$420,000. The investment properties are primarily used as offices and shop in the PRC.

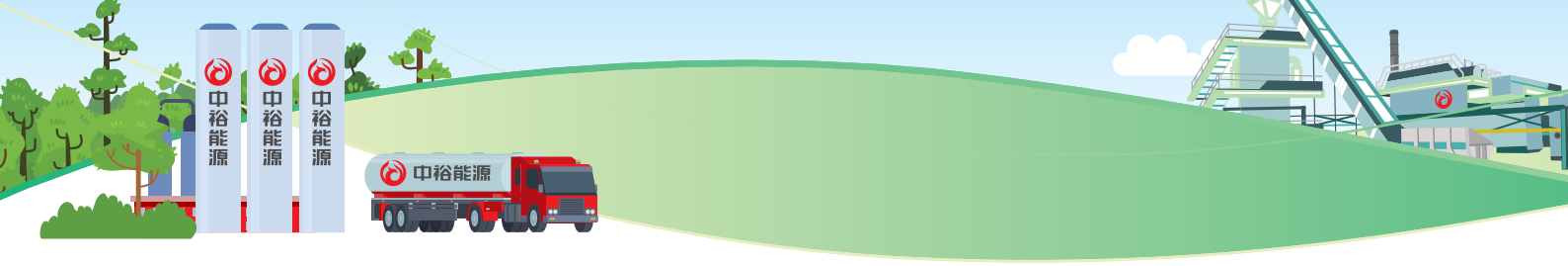
Details of the movements during the year in investment properties and pipelines of the Group are set out in notes 15 and 16 to the consolidated financial statements respectively.

Share Capital

Details of movements during the year in the share capital of the Company are set out in note 34 to the consolidated financial statements.

Distributable Reserves

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for distributions as dividends to shareholders subject to the provisions of its Articles of Association and provided that immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In the opinion of the directors, as at 31st December, 2025, the Company's reserves available for distribution consisted of share premium of HK\$2,303,188,000 and accumulated loss of HK\$2,676,991,000.



DIRECTORS' REPORT

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

During the year ended 31st December, 2025, the Company repurchased on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a total of 29,390,000 shares of the Company at a total consideration of

HK\$126,103,560. The repurchase of the Company's shares was made for the benefit of the shareholders with a view to enhancing the net asset value per share and earnings per share of the Company. Such repurchased shares were cancelled on 19th March, 2025 and 20th June, 2025. Details of the share repurchases are summarised as follows:

Month of repurchase	Total number of shares repurchased	Repurchased price per share		Aggregate consideration (HK\$)
		Lowest (HK\$)	Highest (HK\$)	
January 2025	5,900,000	4.33	4.56	26,326,290
March 2025	1,500,000	4.14	4.29	6,363,790
April 2025	19,990,000	3.95	4.46	84,790,940
May 2025	2,000,000	4.28	4.34	8,622,540

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31st December, 2025.

Directors

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Wang Wenliang (*Chairman*)
 Mr. Yiu Chi Shing (*Vice Chairman*)
 Mr. Lui Siu Keung (*Chief Executive Officer*)
 Mr. Jia Kun (*Executive President*)
 Mr. Lu Zhaoheng (*retired with effect from 2nd June, 2025*)
 Mr. Li Yan (*resigned with effect from 3rd June, 2025*)
 Mr. Peng Jun (*appointed with effect from 3rd June, 2025*)
 Mr. Wang Jichao (*appointed with effect from 3rd June, 2025*)

Independent non-executive Directors

Mr. Li Chunyan
 Dr. Key Ke Liu
 Ms. Liu Yu Jie

In accordance with Article 84(1) of the Company's Articles of Association, Mr. Lui Siu Keung, Mr. Li Chunyan, Ms. Liu Yu Jie will retire by rotation at the upcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Article 83(3), Mr. Peng Jun and Mr. Wang Jichao, who were appointed by the Directors on 3rd June, 2025, will hold office until the upcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors Service Contracts

Except for the Directors hereinafter, the Company renewed the service contracts with each of the Directors on 11th July, 2024. The Company renewed the service contracts with Ms. Liu Yu Jie on 3rd June, 2023, with Mr. Yiu Chi Shing on 29th October, 2024 and with Mr. Jia Kun on 25th February, 2025. The Company entered into service contract with Dr. Key Ke Liu on 21st August, 2023 and with Mr. Peng Jun and Mr. Wang Jichao on 3rd June, 2025. The term of appointment for all Directors under their respective service contracts, including the independent non-executive Directors, is three years and the Directors are subject to retirement by rotation and re-election in accordance with the Articles of Association and the CG Code. There are no existing or proposed directors' service contracts which are not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Transactions, Arrangements or Contracts of Significance

No transactions, arrangements or contracts of significance in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Controlling Shareholder's Interests in Contracts of Significance

There was no contract of significance between any members of the Group and the Company's controlling shareholders or their subsidiaries and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisting at the end of the year or at any time during the year ended 31st December, 2025.

Tax Relief

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

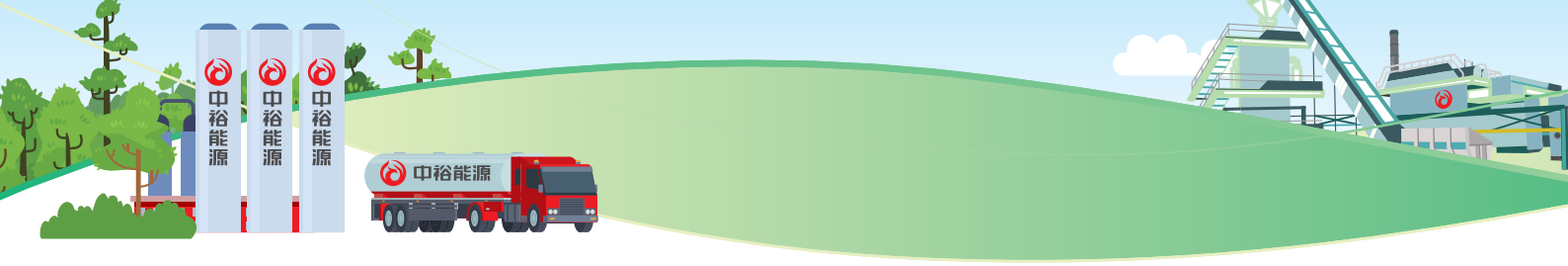
DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at 31st December, 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Long positions in the shares/underlying shares of the Company

Name of Directors	Notes	Number of shares and/or underlying shares	Type of interests	Approximate shareholding interest as disclosed under the SFO (Note 8)
Mr. Wang Wenliang	1	800,225,206	Beneficial/Interest in controlled corporation/Interest of spouse	29.12%
Mr. Yiu Chi Shing	2	188,000,000	Interest in controlled corporation	6.84%
Mr. Lui Siu Keung	3	19,002,179	Beneficial	0.69%
Mr. Jia Kun	4	7,055,031	Beneficial	0.26%
Mr. Peng Jun	5	396,000	Beneficial	0.01%
Mr. Li Chunyan	6	1,510,761	Beneficial	0.05%
Ms. Liu Yu Jie	7	502,900	Beneficial	0.02%



DIRECTORS' REPORT

Notes:

1. *Among these shares and/or underlying shares, 767,962,289 shares were held by Hezhong Investment Holding Company Limited ("Hezhong"). Mr. Wang Wenliang was beneficially interested in 51% of the issued share capital of Hezhong. The remaining 21,324,616 shares and 10,938,301 shares were directly held by Mr. Wang Wenliang and his spouse, Ms. Feng Haiyan, respectively.*
2. *These shares were held by Fundway International Investment Limited ("Fundway"). Mr. Yiu Chi Shing was beneficially interested in 100% of the issued share capital of Fundway.*
3. *These comprise 11,458,679 shares directly held by Mr. Lui Siu Keung and 7,543,500 underlying shares issuable upon exercise of the rights attaching to the 7,543,500 share options at an exercise price of HK\$5.468 per share granted under the Second Share Option Scheme.*
4. *These shares were directly held by Mr. Jia Kun.*
5. *These shares were directly held by Mr. Peng Jun.*
6. *These comprise 1,007,861 shares directly held by Mr. Li Chunyan and 502,900 underlying shares issuable upon exercise of the rights attaching to the 502,900 share options at an exercise price of HK\$5.468 per share granted under the Second Share Option Scheme.*
7. *These represent underlying shares issuable upon exercise of the rights attaching to the 502,900 share options at an exercise price of HK\$5.468 per share granted under the Second Share Option Scheme.*
8. *As at 31st December, 2025, the total number of issued shares of the Company was 2,748,305,157.*

Save as disclosed above, as at 31st December, 2025, none of the Directors and chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) 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 they were taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial shareholders of the Company

So far as is known to the Directors, as at 31st December, 2025, the following entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company

Name of shareholder	Notes	Type of interests	Number of Shares	Approximate shareholding interest as disclosed under the SFO (Note 5)
China Gas Holdings Limited	1	Interest of controlled corporation	973,520,000	35.42%
Hezhong	2	Beneficial	767,962,289	27.94%
Ms. Feng Haiyan	3	Beneficial/Interest of spouse	800,225,206	29.12%
Fundway	4	Beneficial	188,000,000	6.84%

Notes:

1. According to the disclosure of interests filings as shown in the website of the Stock Exchange as at 31st December, 2025, China Gas Holdings Limited held these shares through Rich Legend International Limited ("Rich Legend"), its wholly-owned subsidiary, and is therefore deemed to be interested in the 973,520,000 shares held by Rich Legend.
2. Hezhong was beneficially interested in 767,962,289 shares. Mr. Wang Wenliang and Ms. Feng Haiyan were beneficially interested in 51% and 49% of the issued share capital of Hezhong, respectively.
3. Ms. Feng Haiyan, being the spouse of Mr. Wang Wenliang, directly held 10,938,301 shares and was deemed to be interested in 767,962,289 shares held by Hezhong and 21,324,616 shares directly held by Mr. Wang Wenliang under the SFO.
4. Fundway was beneficially interested in 188,000,000 shares. Mr. Yiu Chi Shing was beneficially interested in 100% of the issued share capital of Fundway.
5. As at 31st December, 2025, the total number of issued shares of the Company was 2,748,305,157.

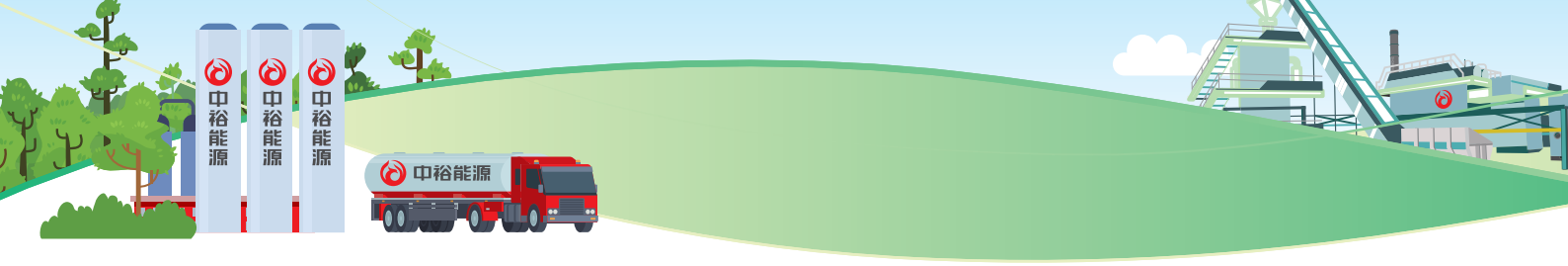
Save as disclosed above, as at 31st December, 2025, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Share option scheme

On 24th October, 2003, the Company adopted a share option scheme ("First Share Option Scheme") pursuant to which the Directors were authorised to grant share option to its employees (including executive directors and employees of any of its subsidiaries) or any person who has contributed or will contribute to the Group. The First Share Option Scheme was terminated and replaced

by a new share option scheme ("Second Share Option Scheme") on 3rd May, 2013 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 3rd May, 2013.

As at 1st January, 2025 and 31st December, 2025, there was no share option outstanding under the First Share Option Scheme.



DIRECTORS' REPORT

The purpose of the Second Share Option Scheme is to reward participants who have contributed or will contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Under the Second Share Option Scheme, the Directors may offer share options to any directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the board of directors of the Company considers, in its sole discretion, have contributed or will contribute to the Group, to subscribe for shares in the Company in accordance with the terms of the Second Share Option Scheme.

The Second Share Option Scheme was valid and effective for a period of ten years commencing on 3rd May, 2013 and expired on 2nd May, 2023. The Board may, at its absolute discretion, specify in an offer to any participant a minimum period for which an option must be held before it can be exercised. Options granted under the Second Share Option Scheme may be exercised during the period to be determined and notified by the Board to the grantee at the time of making an offer which shall not expire later than 10 years from the date of grant. An amount of HK\$1.00 is payable within 28 days from the day of grant upon acceptance of the grant of options. The exercise price shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the Second Share Option Scheme shall not, in the absence of shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of shares in issue on the adoption date (the "Scheme Mandate Limit of the Second Share Option Scheme"). The total number of shares available for issue under the Second Share Option Scheme is 252,400,768, represent approximately 9.18% of the number of issued shares of the Company as at 31st December, 2025 and approximately 9.23% of the number of issued shares (excluding treasury shares) of the Company as at the latest practicable date (i.e 24th April, 2026) prior to the printing of this annual report. Options lapsed in accordance with the terms of the Second Share Option Scheme will not be counted for the purpose of

calculating the Scheme Mandate Limit of the Second Share Option Scheme.

The maximum number of shares issued upon exercise of the options granted to each grantee under the Second Share Option Scheme (including both exercised and outstanding options) in any 12-month period shall not (when aggregated with any shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the shareholders in a general meeting) exceed 1% of the shares of the Company in issue for the time being.

On 5th January, 2018, 126,000,000 share options to subscribe for an aggregate of 126,000,000 ordinary shares of the Company at par value of HK\$0.01 each were granted to the eligible participants (including Directors) by the Company pursuant to the Second Share Option Scheme. The exercise price of such share options granted under the Second Share Option Scheme was HK\$5.5 per share. The share options granted shall be valid for a period of ten years from the date of grant. The closing price of the Company's shares on 4th January, 2018, being the date immediately before the date on which the share options under the Second Share Option Scheme were granted, was HK\$4.98. As announced by the Company on 1st August, 2018, the exercise price and the number of options outstanding as at that date were adjusted to HK\$5.468 per share and 126,730,800 options in accordance with the terms of the Second Share Option Scheme, as a result of the issue of scrip shares by the Company to its shareholders on 1st August, 2018.

The Second Share Option scheme was terminated and replaced by another new share option scheme ("Third Share Option Scheme") on 2nd June, 2023 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 2nd June, 2023.

The scheme mandate limit of the Second Share Option Scheme is 252,400,768. No options were granted, exercised, cancelled or lapsed in the year under review. As at 31st December, 2025, 126,730,800 share options were granted, 3,526,100 share options have lapsed in accordance with the terms of the Second Share Option Scheme, 107,614,800 Shares have been issued under the Second Share Option Scheme and the number of share options outstanding was 15,589,900. The number of options available for grant under the scheme mandate limit of the Second Share Option Scheme was nil as at 1st January, 2025 and 31st December, 2025 and the date of this report. The outstanding share options, if converted in full into shares of the Company, represent approximately 0.57% of the number of issued shares of the Company as at 31st December, 2025.



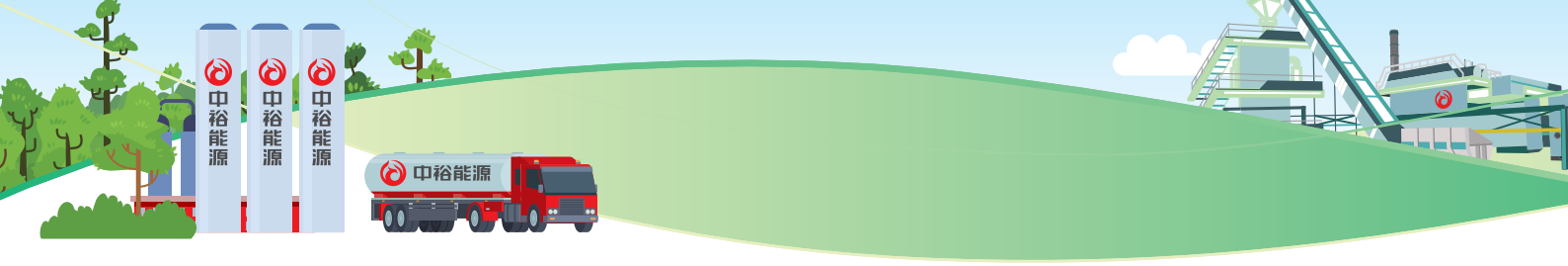
DIRECTORS' REPORT

The following table discloses movements of the Company's share options granted to the eligible participants (including Directors) under the Second Share Option Scheme during the year ended 31st December, 2025:

Name of participants who are Directors and category of other participants	Date of grant	Exercise period	Exercise price HK\$	Number of share options granted under the Second Share Option Scheme				Outstanding at 31st December, 2025
				Outstanding at 1st January, 2025	Granted during the year under review	Exercised during the year under review	Cancelled/Lapsed during the year under review	
Lui Siu Keung	5th January, 2018	5th January, 2018 to 4th January, 2028 ^(a)	5.468	7,543,500	-	-	-	7,543,500
Lu Zhaoheng ^(c)	5th January, 2018	5th January, 2018 to 4th January, 2028 ^(a)	5.468	3,017,400	-	-	-	3,017,400
Li Chunyan	5th January, 2018	5th January, 2018 to 4th January, 2028 ^(a)	5.468	502,900	-	-	-	502,900
Liu Yu Jie	5th January, 2018	5th January, 2018 to 4th January, 2028 ^(a)	5.468	502,900	-	-	-	502,900
				11,566,700	-	-	-	11,566,700
Employees	5th January, 2018	5th January, 2018 to 4th January, 2028 ^(a)	5.468	2,514,500	-	-	-	2,514,500
Employees	5th January, 2018	17th December, 2019 to 4th January, 2028 ^(a)	5.468	1,508,700	-	-	-	1,508,700
				15,589,900	-	-	-	15,589,900
Exercisable at the end of the year								15,589,900
Weighted average exercise price				HK\$5.468	-	-	-	HK\$5.468

Notes:

- (a) The options became vested immediately on 5th January, 2018.
- (b) Pursuant to an ordinary resolution passed by the Shareholders on 17th December, 2019, the options became vested immediately upon passing of the resolution.
- (c) Mr. Lu Zhaoheng retired as an executive director of the Company with effect from 2nd June, 2025.



DIRECTORS' REPORT

The purpose of the Third Share Option Scheme is to reward participants who have made or will make contributions to the Group and to encourage longer term commitment of grantees to the Group and to better align their interests with those of the shareholders of the Company, which can contribute towards enhancing the value of the Company and the shares for the benefit of the Company and its shareholders as a whole. Under the Third Share Option Scheme, the Directors may offer to any employees or any participant who is a director or employee of any related entity in accordance with Chapter 17 of the Listing Rules, who has made or will make contributions to the Group, share options to subscribe for shares in the Company in accordance with the terms of the Third Share Option Scheme.

The Third Share Option Scheme shall be valid and effective for a period of ten years commencing on 2nd June, 2023 and will expire on 1st June, 2033. The Board may, at its absolute discretion, specify in an offer to any participant a minimum period for which an option must be held before it can be exercised. Options granted under the Third Share Option Scheme may be exercised during the period to be determined and notified by the Board to the grantee at the time of making an offer which shall not expire later than 10 years from the date of grant. An amount of HK\$1.00 is payable within 28 days from the day of grant upon acceptance of the grant of options. The exercise price shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the Third Share Option Scheme shall not, in the absence of shareholders' approval, in aggregate exceed 10% in

nominal amount of the aggregate of shares in issue on the adoption date (the "Scheme Mandate Limit"). The total number of shares available for issue under the Third Share Option Scheme is 282,975,315, represent approximately 10.30% of the number of issued shares of the Company as at 31st December, 2025 and approximately 10.34% of the number of issued shares (excluding treasury shares) of the Company as at the latest practicable date (i.e 24th April, 2026) prior to the printing of this annual report. Options lapsed in accordance with the terms of the Third Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may renew the Scheme Mandate Limit at any time subject to prior shareholders' approval but in any event, the total number of shares which may be issued upon exercise of all share options to be granted under the Third Share Option Scheme under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders' approval of the renewed limit. Options previously granted under the Third Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

Further, no options will be granted which would result in the maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted but yet to be exercised under the Third Share Option Scheme, the existing options granted under the Second Share Option Scheme, in aggregate, 30% of the issued share capital of the Company from time to time.

The maximum number of shares issued and to be issued upon exercise of the options granted to each grantee under the Third Share Option Scheme (excluding lapsed options) in any 12-month period shall not (when aggregated with any shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the shareholders in a general meeting) exceed 1% of the shares of the Company in issue for the time being.



DIRECTORS' REPORT

The Scheme Mandate Limit of the Third Share Option Scheme is 282,975,315 (representing 10.30% of the issued shares of the Company as at the date of this report). Since the adoption of the Third Share Option Scheme and during the year ended 31st December, 2025, no share option have been granted, exercised, cancelled or lapsed. The number of options available for grant under the scheme mandate limit of the Third Share Option Scheme was 282,975,315 as at 1st January, 2025 and 31st December, 2025.

Save as disclosed above, (i) at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company; and (ii) no other equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Connected Transaction

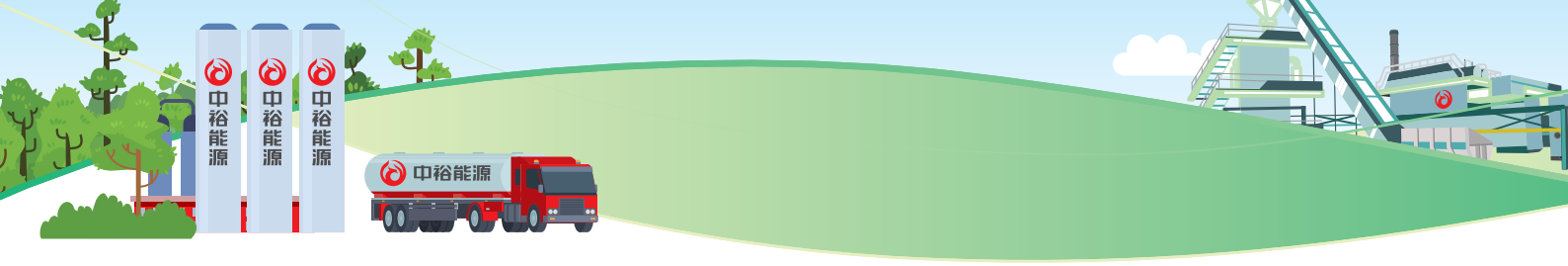
Save for the transactions as disclosed in section headed “Continuing Connected Transactions” below, to the extent the related party transactions set out in note 39 to the consolidated financial statements constitute connected transactions of the Company (i.e. the transactions referred to in note 27, note 31 and note 39(b)), they are fully exempt under Rule 14A.76 or Rule 14A.95 (as the case may be) of the Listing Rules. Save for the continuing connected transactions in relation to the LNG Purchase Agreements and the LNG Sales Agreements, the details of which have been disclosed in the announcement of the Company dated 20th April, 2026 (the “Announcement”) and the section headed “Continuing Connected Transactions” below, the Board confirms that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31st December, 2025.

Continuing Connected Transactions

During the years ended 31st December, 2020 to 2025, the Group entered into a number of LNG Purchase Agreements (under which the relevant members of the Group were the LNG purchaser) and LNG Sales Agreements (under which the relevant members of the Group were the LNG supplier) with the China Gas Group, being China Gas Holdings Limited and its subsidiaries (collectively, the “China Gas Group”). Unless otherwise stated, capitalised terms used in this section shall have the same meaning as those defined in the Announcement of the Company dated 20th April, 2026.

The relevant members of the Group under the LNG Purchase Agreements and the LNG Sales Agreements are Zhongyu (Henan) Energy Trading Co., Ltd. (“Zhongyu Henan”) and Nantong Zhongyu Energy Sales Co., Ltd. (“Nantong Zhongyu”). The relevant members of the China Gas Group under the LNG Purchase Agreements and the LNG Sales Agreements are China Gas Hongda Energy Trading Co., Ltd. (“Hongda”), Henan Zhongran Shunda Energy Co., Ltd. (“Shunda”) and Shandong Zhongran Shunan Storage and Transportation Co., Ltd. (“Shunan Storage”) (which was an indirect wholly -owned subsidiary of China Gas at the relevant time).

For FY2025, the total purchase fees paid by the Group to the China Gas Group under the LNG Purchase Agreements is approximately RMB48,433,000 (tax exclusive) and the total sales amounts received by the Group from the China Gas Group under the LNG Sales Agreements is approximately RMB57,319,000 (tax exclusive). For the principal terms of the LNG Purchase Agreements and the LNG Sales Agreements, please refer to the Announcement.



DIRECTORS' REPORT

As at the date of this annual report, China Gas is the controlling shareholder of the Company. Both Hongda and Shunda are indirect wholly-owned subsidiaries of China Gas, and therefore, they are associates of China Gas and connected persons of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shunan Storage was an indirect wholly-owned subsidiary of China Gas before 25th December, 2025. Therefore, at the relevant time, Shunan Storage was an associate of China Gas and a connected person of the Company. As such, the transactions contemplated under each of the LNG Purchase Agreements and the LNG Sales Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The purchase and sales of LNG between the Group and the China Gas Group for the years ended 31st December, 2020 to 2025 were all made under the LNG Purchase Agreements and the LNG Sales Agreements. The Company should have announced in accordance with Chapter 14A of the Listing Rules (i) the LNG Purchase Agreements as the actual transaction amounts of LNG purchases for the years ended 31st December, 2020 to 2025 and from 1st January, 2026 to the date of the Announcement exceed 0.1% but all are less than 5% of the relevant percentage ratios; and (ii) the LNG Sales Agreements as the actual transaction amounts of sales for the years ended 31st December, 2020 to 2025 exceed 0.1% but all are less than 5% of the relevant percentage ratios. The Company deeply regrets that at the relevant time, (i) it did not have a policy requirement specifically on periodic updating of the connected persons list and mandatory checking against such list every time a relevant transaction takes place; and (ii) the relevant staff of the Group, after conducting background checks on Hongda, Shunda and Shunan Storage the first time the Group did an LNG transaction with each of them, had not conducted background checks again when doing subsequent LNG transactions with them. As a result, the Company did not identify the relevant counterparty as a connected person and therefore did not announce the continuing connected transactions under the LNG Purchase Agreements and

the LNG Sales Agreements pursuant to the Listing Rules nor specifically set an annual cap for the years ended 31st December, 2020 to 2025 and for the period from 1st January, 2026 to the date of the Announcement at the relevant time during the relevant financial year. The Company has identified these continuing connected transactions in the ordinary course of the annual audit process when preparing its annual results for the year ended 31st December, 2025.

It is common practice that market participants in the LNG industry engage in trading among themselves for a variety of reasons. These may include the need to reduce transportation costs due to differences in geographical locations, to secure reliable and cost-efficient LNG supply sources, or to manage seasonal fluctuations and ensure consistent energy supply for their downstream customers. The Board considers that the purchase of LNG from the China Gas Group diversifies the gas supply of the Group, provides a stable, cost-efficient and quality LNG supply to the Group and allows the Group to ensure consistent energy supply to its downstream customers. The LNG price offered by China Gas Group to the Group is no less favourable than that offered by Independent Third Party suppliers over the years. The sale of LNG to the China Gas Group, on the other hand, provides an income source to the Group and the LNG price offered by the Group to the China Gas Group is not more favourable than that offered to Independent Third Party purchasers.

Having reviewed the LNG purchase and sales transactions conducted under the LNG Sales Agreements and the LNG Purchase Agreements, the Board (including the independent non-executive Directors) is of the view that the transactions were entered into on normal commercial terms, in the ordinary and usual course of business of the Group, the terms of the transactions were fair and reasonable and in the interest of the Company and its shareholders as a whole.



DIRECTORS' REPORT

The Company deeply regrets its non-compliance with Chapter 14A of the Listing Rules and would like to emphasize that such non-compliance was inadvertent and the Company had no intention to withhold any information relating to the LNG Purchase Agreements and the LNG Sales Agreements from disclosure. The Company has responded as soon as practicable by taking the remedial actions and internal control measures to prevent the recurrence of similar incidents. The Group currently does not have any plan to further purchase LNG from or sell LNG to the China Gas Group. For further details of the continuing connected transactions with China Gas Group in respect of the LNG Purchase Agreements and the LNG Sales Agreements and the remedial action and internal control measures taken by the Company, please refer to the Announcement.

Confirmation from the Auditor of the Company

The Company's auditor was engaged to report on the Group's continuing connected transactions 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.

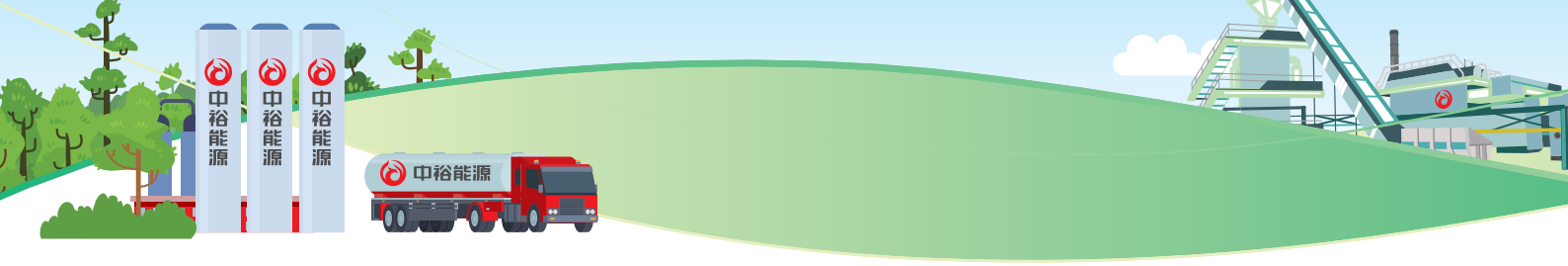
For the purpose of Rule 14A.56 of the Listing Rules, the Board confirms that the letter issued by the Company's auditor in respect of the disclosed continuing connected transactions has covered each of the applicable matters set out in Rule 14A.56 of the Listing Rules and the letter has stated that the auditor expressed a qualified conclusion for no board of directors' approval and no annual cap for the transactions contemplated under the LNG Purchase Agreements and the LNG Sales Agreements.

Compliance with Laws and Regulations

Zhongyu Energy strictly complies with environmental laws and regulations in each operating region, such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Waste Disposal Ordinance, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Soil Contamination, and the Law of the People's Republic of China on the Prevention and Control of Water Pollution. The Group always adheres to the principle of sustainable development, strictly implements the internally formulated Environmental Policy, and regards the protection of the ecological environment and the development of clean energy as its core work direction.

The Group respects human rights and strictly abides by relevant laws and regulations such as the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, Labour Contract Law of the People's Republic of China and the Employment Ordinance of Hong Kong. It has also formulated internal management measures such as the Human Resources Management System. The Group strictly prohibits the use of child labor and forced labor in the workplace, and requires employees and business partners to comply with relevant preventive and remedial measures. The Group is committed to safeguarding the legitimate rights and interests of employees and ensuring that they are not infringed upon.

The Group strictly complies with relevant laws and regulations such as the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Occupational Safety and Health Ordinance of Hong Kong. It has formulated a number of occupational health and safety related systems to regulate the safety production responsibilities of personnel at all levels, and to ensure that these systems and measures are strictly enforced at all times.



DIRECTORS' REPORT

The Group strictly complies with relevant laws and regulations, including the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, and the Prevention of Bribery Ordinance in Hong Kong, to ensure that employees understand and adhere to the relevant requirements and do not engage in any bribery or corruption.

Environmental policies

The Group has established a mechanism to monitor, formulate and implement measures to ensure proper management and reduction of greenhouse gases, air pollutants, waste and wastewater emissions from its operations.

To reduce greenhouse gas emissions, the Group has adopted measures such as strengthening the inspection on exhaust gas from vehicles and prioritizing the procurement of new energy and clean energy vehicles (LNG vehicles and pure electric vehicles) to promote low-carbon transportation. There was a slight reduction in greenhouse gas emissions (measured by intensity per head) in the year ended 31st December, 2025 when compared to the preceding year.

To enhance water usage efficiency, the Group has introduced water-saving technologies such as water-saving faucets and water-saving toilet systems, thereby reducing consumption in daily operations.

The Group has set waste reduction goals and is committed to reducing hazardous and non-hazardous wastes per head to minimize the environmental impact of office operations.

The Group regularly reviews its energy efficiencies and management systems by means such as the procurement of energy saving equipment, promotion of energy saving plans, reducing power consumption to lower the electricity consumption per capita and continuously improve the Group's energy performance.

The Group is actively promoting energy conservation, emissions reduction, and green, low-carbon initiatives, and is striving to minimize the impact of its business operations on air pollution within the framework of its carbon neutrality goals.

Key Relationship with Employees

The Group has put in place a comprehensive employment system covering compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, anti-discrimination, and other benefits and welfare. In order to meet the needs of business expansion, the Group makes active efforts to recruit talent through open and campus recruitment activities based on the principles of fair competition, two-way selection and merit selection. We have formulated Performance Management System, pursuant to which we provide fair and reasonable promotion opportunities to our employees. The ranks and remuneration of employees are determined according to their skills, contributions and scope of influence. The Group also provides thorough and comprehensive training for staff at all levels through diversified means including lectures, practical training, sharing and learning, onsite observation and outreach training.

Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers comprised 9.2% of total turnover for the year. The Group's largest customer accounted for 2.9% of the total turnover for the year. The Group allows an average credit period of 30 to 180 days to its trade customers. Customers are mainly local reputable corporate entities in the PRC and no significant counterparty default was noted in the past. The concentration of credit risk is limited due to the customer base being large and unrelated.



DIRECTORS' REPORT

For the year ended 31st December, 2025, our five largest suppliers comprised 58.5% of our total purchase for the year. The Group's largest supplier accounted for 41.0% of the total purchase for the year. Long-term relationship has been established with major suppliers to ensure stable supply of gas.

At no time during the year did a director, a close associate of a director, or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Confirmation from Independent Non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Board is not aware of any circumstances which may influence the independent non-executive Directors in exercising their independent judgement.

Emolument Policy

The Group's remuneration and bonus policies are determined based on the performance of individual employees.

The emoluments of the Directors are recommended by the Remuneration Committee, having regard to the Group's operating results, the Directors' duties and responsibilities within the Group and comparable market statistics. There is no arrangement under which a director has waived or agreed to waive any emoluments.

Pursuant to E.1.5 of the CG Code, the remuneration of the senior management of the Company is set out in note 12 to the consolidated financial statements.

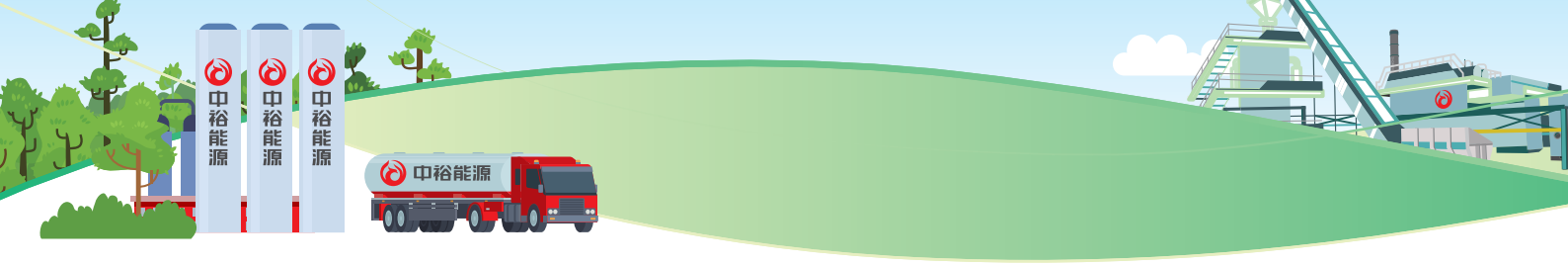
The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in the section headed "Share option scheme" in the Directors' Report and note 36 to the consolidated financial statements.

Retirement Benefits Plans

The Group had joined the Mandatory Provident Fund Scheme under the rules and regulations of the Hong Kong Mandatory Provident Fund Schemes Authority. The Group's employees in Hong Kong are required to join the scheme. The Group and each employee employed in Hong Kong are required to make a contribution of 5% on the employees' monthly relevant income with a maximum monthly contribution of HK\$1,500 per person.

No forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions.

The Company's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in various central pension schemes operated by the relevant municipal and provincial governments. These subsidiaries are required to make defined contributions to these schemes at a rate of 16% of their covered payroll. The Group has no other material obligation for the payment of its staff's retirement and other post-retirement benefits other than the contributions described above.



DIRECTORS' REPORT

Indemnity Provision

Pursuant to article 164 of the Articles of Association of the Company, every director of the Company shall be entitled to be indemnified and assured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or trusts in relation thereto provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said directors. Such provision was in force during the year ended 31st December, 2025 and remained in force as of the date of this report.

Principal Risks and Uncertainties Facing by the Group

Work safety is the most important operational risk facing by the Group. The Group has formulated various rules in relation to occupational health and work safety in accordance with the Law of the People's Republic of China on Work Safety to specify work safety responsibilities of staff at all levels, and ensure that these rules and measures are strictly followed. We organize annual training for all staff in respect of management, environment to safety systems, and departments organize their own relevant training as well, with the aim of raising employees' awareness of prevention. We have also equipped our employees with appropriate safety gear to ensure their work safety. For frontline positions, all employees are strictly required to obtain certificates of labour skills from the government, ensuring that the related personnel are equipped with the professional qualifications and safety knowledge about dangerous working conditions.

We proactively prevent gas leakage. Apart from thorough and rigorous control systems including the Rules on Gas Pipeline Network Safety Inspection, we have also equipped the pipeline network management department with adequate manpower and equipment, ensuring that any leakage can be noticed timely. We also greatly publicize the Group's hotline to encourage the public to report any gas leakage.

Please refer to note 42 to the consolidated financial statements for a summary of financial risks of the Group.

Competing Business

As far as the Directors are aware, during the year, none of the Directors had any interest in a business which competed with or might compete with the business of the Group.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31st December, 2025 and as at the latest practicable date prior to the issue of this report.

Donations

During the year under review, the Group made charitable and other donations amounted to approximately RMB5,189,000.

Auditor

On 4th August, 2025, Deloitte Touche Tohmatsu ("Deloitte") resigned as the auditor of the Company and KPMG was appointed as the new auditor of the Company to fill the casual vacancy following the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company. For details, please refer to the announcement of the Company dated 7th August, 2025.

The consolidated financial statements of the Group for the years ended 31st December, 2023 and 2024 had been audited by Deloitte. The consolidated financial statements of the Group for the year ended 31st December, 2025 have been audited by KPMG. Save as disclosed above, there was no change in the auditor of the Company in the preceding three years.

On behalf of the Board

Wang Wenliang

Chairman

Hong Kong
27th March, 2026



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ZHONGYU ENERGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Zhongyu Energy Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 63 to 177, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

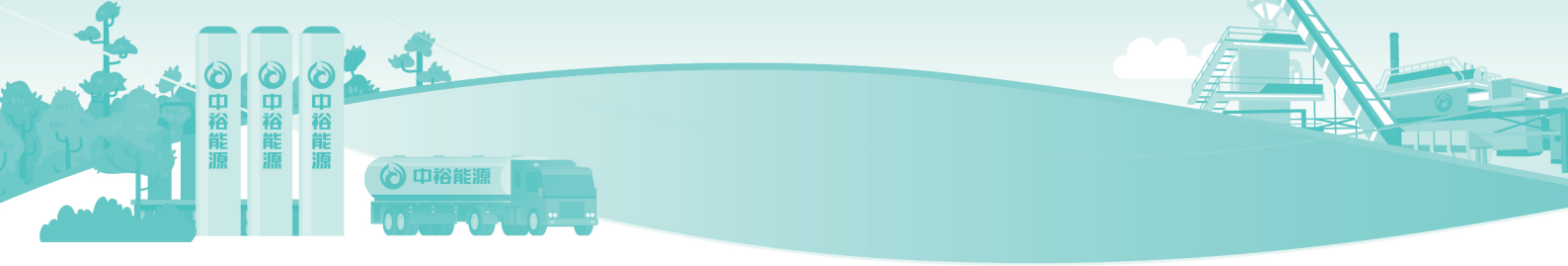
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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 (“**HKSAs**”) as 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 fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, 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 this matter.



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER *(Continued)*

Impairment assessment of goodwill

Refer to Note 18 to the consolidated financial statements and the accounting policies in Note 3.2.

The Key Audit Matter

As at 31 December 2025, the carrying amounts of goodwill of HK\$464,181,000 were assessed for impairment in the consolidated financial statements.

In performing impairment assessments, management assessed the recoverable amounts of cash-generating units ("CGU") using value in use method by preparing discounted cash flow forecasts. Management compared the carrying value of each of the CGUs to which the goodwill had been allocated with their respective recoverable amounts to determine if any impairment loss should be recognised. The preparation of discounted cash flow forecasts requires significant management assumptions and estimations, in particular the discount rates, future revenue and future operating costs.

How the matter was addressed in our audit

Our audit procedures to address the impairment assessment of goodwill included the following:

- assessing management's identification of CGUs and allocation of assets to each CGU with reference to the requirements of the prevailing accounting standards and our understanding of the Group's business;
- comparing the prior year's cash flow forecasts with the actual performance of the CGUs for the current year, in order to assess the reliability of historical accuracy of management's forecasting process and whether there is any indication of management bias;
- involving our internal valuation specialists to assist us, on a sample basis of the CGUs, in evaluating the appropriateness of valuation methodology used by management with reference to the requirements of the prevailing accounting standards and assessing the reasonableness of the discount rates;
- challenging the reasonableness of the projected future revenue and future operating costs, on a sample basis of the CGUs, with reference to our understanding of the Group's business, historical trends, available industry information and available market data;



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER *(Continued)*

Impairment assessment of goodwill *(Continued)*

Refer to Note 18 to the consolidated financial statements and the accounting policies in Note 3.2.

The Key Audit Matter

We identified the impairment assessment of goodwill of the Group as a key audit matter because the carrying amounts of the goodwill was material to the consolidated financial statements and impairment assessments of goodwill performed by management involve significant judgements and assumptions that are inherently uncertain and could be subject to potential management bias.

How the matter was addressed in our audit

- performing sensitivity analysis in respect of the future revenue, future operating costs and discount rates and considering the resulting impact on the impairment assessments and whether there is any indication of management bias; and
- assessing the reasonableness of the disclosures in the consolidated financial statements in respect of the impairment assessments of goodwill with reference to the requirements of the prevailing accounting standards.

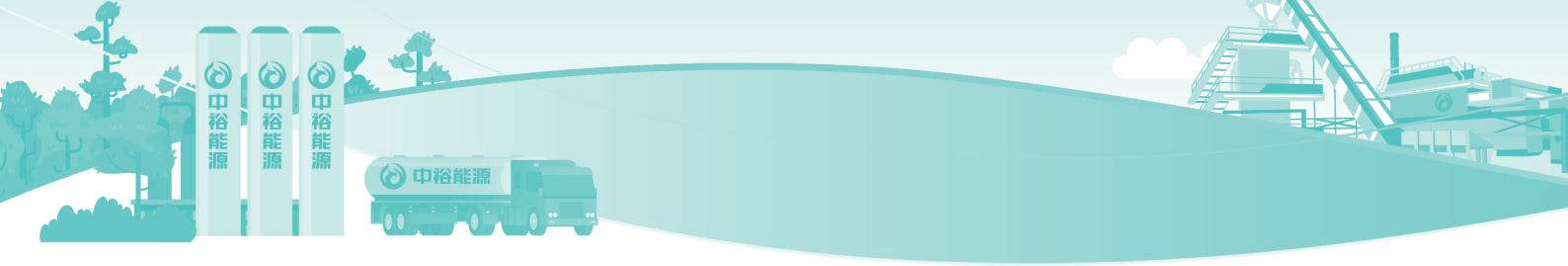
INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. We obtained all of the other information prior to the date of this auditor's report apart from full set of finalised annual report not yet received. This remaining information is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have been engaged to perform an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provide a separate assurance practitioner's 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 on the other information that we obtained prior to the date of this auditor's report, 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.



INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as 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 assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

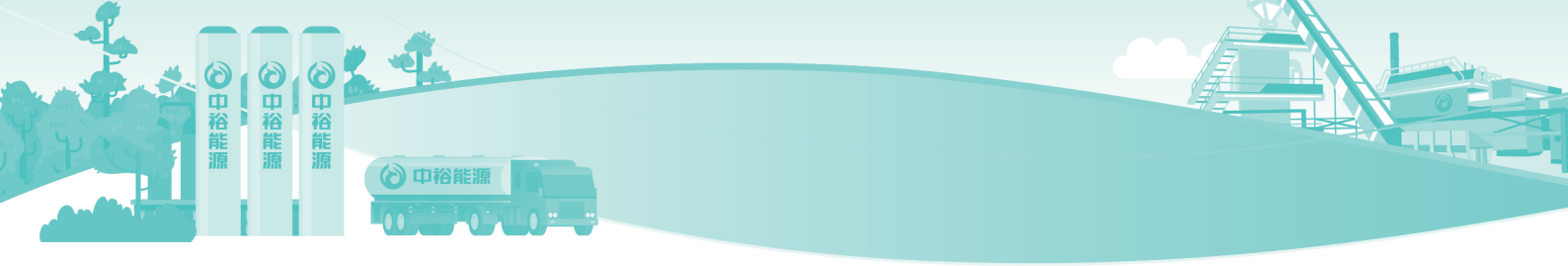


INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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



INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chu Man Wai (practising certificate number: P04995).

KPMG

Certified Public Accountants

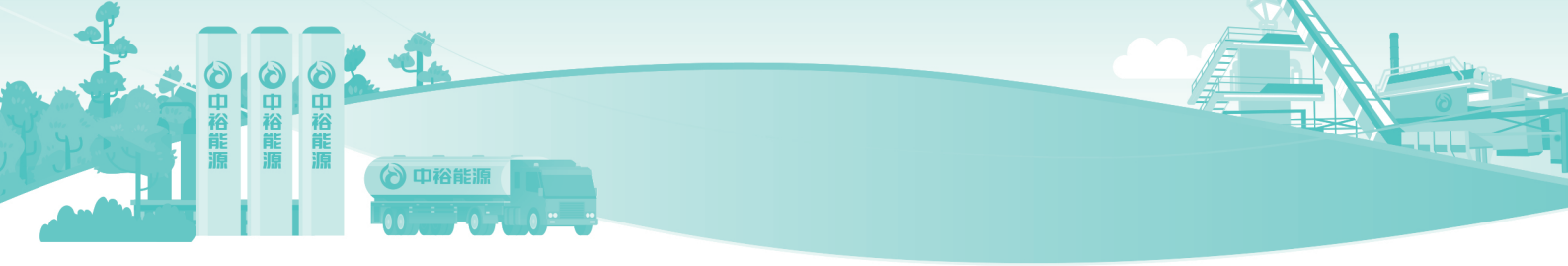
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Turnover	5	12,444,246	13,472,199
Cost of sales		(10,813,135)	(11,711,530)
Gross profit		1,631,111	1,760,669
Other gains and losses	7	149,507	(15,586)
Other income	8	120,280	206,515
Selling and distribution costs		(202,055)	(246,302)
Administrative expenses		(615,500)	(623,557)
Impairment losses on financial assets and contract assets, net		(128,261)	(12,010)
Finance costs	9	(397,485)	(629,488)
Share of results of associates		16,923	10,240
Share of results of joint ventures		(1,590)	(1,784)
Profit before tax		572,930	448,697
Income tax expenses	10	(319,713)	(247,553)
Profit for the year	11	253,217	201,144
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		149,103	(276,233)
Fair value losses on revaluation of pipelines included in property, plant and equipment		(362,443)	(176,753)
Deferred tax arising from revaluation of pipelines included in property, plant and equipment		90,611	44,188
Other comprehensive income for the year		(122,729)	(408,798)
Total comprehensive income for the year		130,488	(207,654)
Profit for the year attributable to:			
Owners of the Company		247,278	146,384
Non-controlling interests		5,939	54,760
		253,217	201,144



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2025

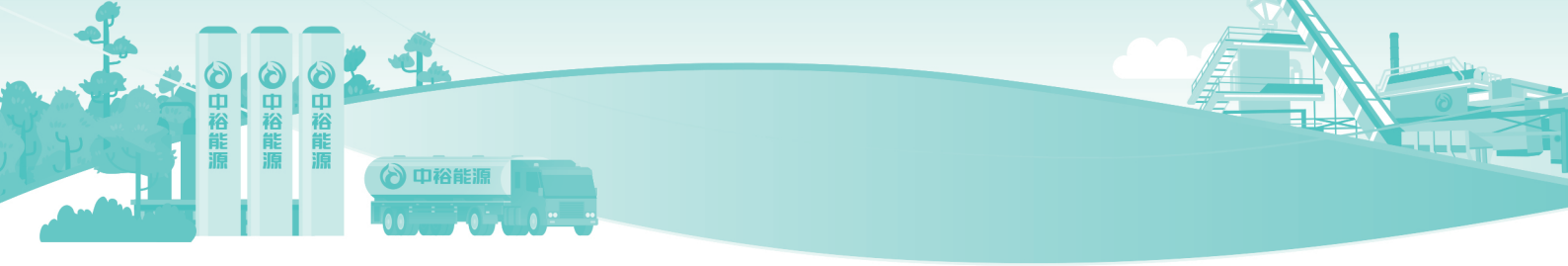
	Note	2025 HK\$'000	2024 HK\$'000
Total comprehensive income attributable to:			
Owners of the Company		141,072	(243,417)
Non-controlling interests		(10,584)	35,763
		130,488	(207,654)
Earnings per share	14		
Basic (Hong Kong cents)		8.98	5.25
Diluted (Hong Kong cents)		8.98	5.25

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Investment properties	15	5,866	6,098
Property, plant and equipment	16	15,991,544	15,215,356
Right-of-use assets	17	642,180	658,096
Goodwill	18	464,181	449,613
Other intangible assets	19	1,252,799	1,296,517
Long-term deposits, prepayments and other receivables	20	1,045,443	1,131,281
Interests in associates	21	822,325	779,740
Interests in joint ventures	22	11,469	12,686
Financial assets at fair value through other comprehensive income	23	77,916	115,493
		20,313,723	19,664,880
Current assets			
Inventories	24	375,313	526,984
Properties under development for sale	25	227,519	318,647
Trade receivables	26	1,679,512	1,732,847
Deposits, prepayments and other receivables	26	1,274,589	1,692,060
Amount due from a non-controlling shareholder of a subsidiary	27	8,380	8,117
Contract assets	28	593,603	624,511
Tax recoverable		3,842	3,721
Bank balances and cash	29	1,082,832	1,650,857
		5,245,590	6,557,744
Current liabilities			
Trade payables	30	963,719	1,547,375
Other payables and accrued charges	30	845,756	734,588
Amount due to a non-controlling shareholder of a subsidiary	27	1,229	1,190
Amount due to an associate	31	999	968
Contract liabilities	28	997,006	1,322,008
Borrowings	32	7,914,824	5,977,459
Lease liabilities	33	7,897	6,558
Tax payables		103,061	85,548
		10,834,491	9,675,694
Net current liabilities		(5,588,901)	(3,117,950)
Total assets less current liabilities		14,724,822	16,546,930



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CAPITAL AND RESERVES			
Share capital	34	27,483	27,777
Reserves		7,318,467	7,357,751
Equity attributable to owners of the Company		7,345,950	7,385,528
Non-controlling interests		958,773	995,443
TOTAL EQUITY		8,304,723	8,380,971
Non-current liabilities			
Deferred income and advance received	30	3,430	3,876
Borrowings	32	5,280,866	6,922,213
Lease liabilities	33	17,851	18,046
Deferred taxation	35	1,117,952	1,221,824
		6,420,099	8,165,959
		14,724,822	16,546,930

The consolidated financial statements on pages 63 to 177 were approved and authorised for issue by the Board of Directors on 27th March, 2026 and are signed on its behalf by:

MR. WANG WENLIANG
DIRECTOR

MR. LUI SIU KEUNG
DIRECTOR

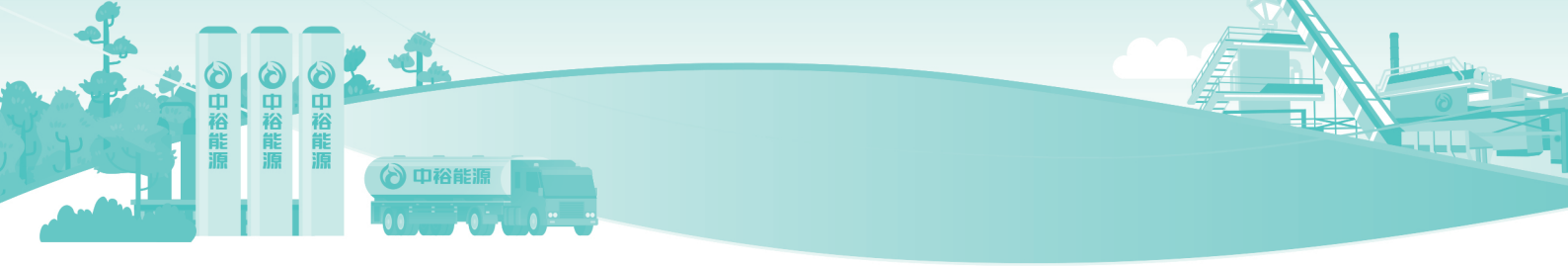
The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2025

	Share capital	Share premium	Share option reserve	Property revaluation reserve	Other reserve	Statutory surplus reserve	Translation reserve	Accumulated profits	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note (iii))	HK\$'000 (note (i))	HK\$'000 (note (ii))	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note 45)	HK\$'000
At 1st January, 2024	27,942	2,508,703	12,534	1,942,512	(605,493)	300,012	(437,772)	3,952,875	7,701,313	992,114	8,693,427
Profit for the year	-	-	-	-	-	-	-	146,384	146,384	54,760	201,144
Other comprehensive income for the year	-	-	-	(162,012)	-	-	(227,789)	-	(389,801)	(18,997)	(408,798)
Total comprehensive income for the year	-	-	-	(162,012)	-	-	(227,789)	146,384	(243,417)	35,763	(207,654)
Repurchase of shares (note 34)	(165)	(79,251)	-	-	-	-	-	-	(79,416)	-	(79,416)
Transfer to statutory surplus reserve	-	-	-	-	-	27,256	-	(27,256)	-	-	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(27,980)	(27,980)
Capital contribution from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	12,334	12,334
Acquisition of additional interest in subsidiaries	-	-	-	-	7,048	-	-	-	7,048	(16,788)	(9,740)
At 31st December, 2024	27,777	2,429,452	12,534	1,780,500	(598,445)	327,268	(665,561)	4,072,003	7,385,528	995,443	8,380,971

The accompanying notes form an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2025

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Property revaluation reserve HK\$'000 (note (iii))	Other reserve HK\$'000 (note (i))	Statutory surplus reserve HK\$'000 (note (ii))	Translation reserve HK\$'000	Accumulated profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000 (note 45)	Total HK\$'000
At 1st January, 2025	27,777	2,429,452	12,534	1,780,500	(598,445)	327,268	(665,561)	4,072,003	7,385,528	995,443	8,380,971
Profit for the year	-	-	-	-	-	-	-	247,278	247,278	5,939	253,217
Other comprehensive income for the year	-	-	-	(185,610)	-	-	79,404	-	(106,206)	(16,523)	(122,729)
Total comprehensive income for the year	-	-	-	(185,610)	-	-	79,404	247,278	141,072	(10,584)	130,488
Repurchase of shares (note 34)	(294)	(126,264)	-	-	-	-	-	-	(126,558)	-	(126,558)
Transfer to statutory surplus reserve	-	-	-	-	-	23,352	-	(23,352)	-	-	-
Dividends declared to owners of the Company	-	-	-	-	-	-	-	(54,966)	(54,966)	-	(54,966)
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(17,499)	(17,499)
Capital contribution from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	667	667
Acquisition of additional interest in a subsidiary	-	-	-	-	874	-	-	-	874	(9,254)	(8,380)
At 31st December, 2025	27,483	2,303,188	12,534	1,594,890	(597,571)	350,620	(586,157)	4,240,963	7,345,950	958,773	8,304,723

Notes:

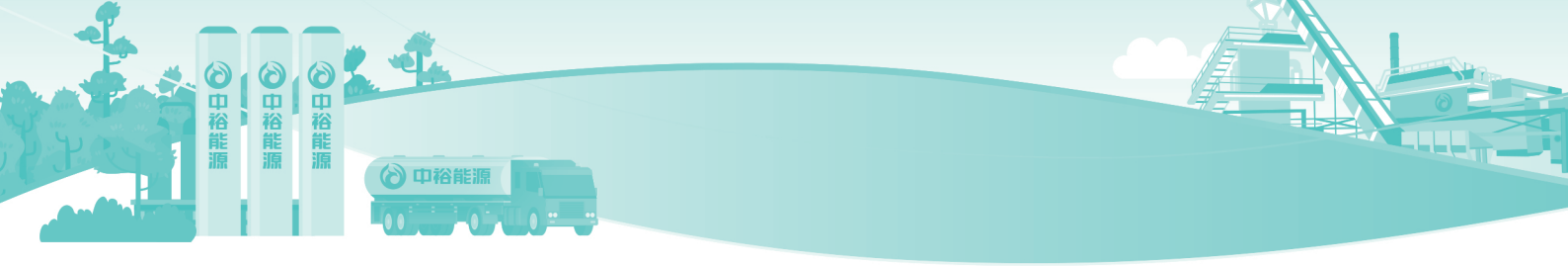
- (i) Other reserve mainly represents the difference between the fair values of the considerations paid and the carrying amounts of the non-controlling interests arising from acquisition of additional interest in subsidiaries.
- (ii) The articles of association of the Company's subsidiaries established in the People's Republic of China (the "PRC") state that they may make an appropriation of 10% of their profit for each year (prepared under generally accepted accounting principles in the PRC) to the statutory surplus reserve until the balance reaches 50% of the paid-in capital. The statutory surplus reserve shall only be used for making up losses, capitalisation into paid-in capital and expansion of their production and operation.
- (iii) Property revaluation reserve also includes the related exchange effect.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December, 2025

	2025 HK\$'000	2024 HK\$'000
Operating activities		
Profit before tax	572,930	448,697
Adjustments for:		
Depreciation of property, plant and equipment	528,589	510,476
Depreciation of right-of-use assets	23,578	24,417
Amortisation of other intangible assets	83,349	83,702
Net losses on disposal of property, plant and equipment	518	2,358
Impairment losses		
– trade receivables	74,588	6,433
– other receivables	23,460	4,071
– contract assets	10,213	1,506
– long-term other receivables	20,000	–
Share of results of associates	(16,923)	(10,240)
Share of results of joint ventures	1,590	1,784
Interest income	(29,837)	(27,822)
Finance costs	397,485	629,488
Decrease in fair value of investment properties	420	423
Net foreign exchange (gains) losses	(135,803)	39,399
Others	2,190	–
Operating cash flows before movements in working capital	1,556,347	1,714,692
Decrease in inventories	166,289	57,699
Decrease in trade receivables	33,988	355,858
Decrease (increase) in deposits, prepayments and other receivables	434,317	(153,995)
Decrease (increase) in contract assets	40,430	(241,028)
Increase in properties under development for sale	(7,158)	(35,388)
Increase in restricted cash	(33,809)	–
Decrease in deferred income and advance received	(564)	(561)
Decrease in trade payables	(624,339)	(31,808)
Increase (decrease) in other payables and accrued charges	231,316	(24,434)
Decrease in contract liabilities	(362,030)	(269,044)
Cash generated from operations	1,434,787	1,371,991
Interest received	6,518	4,503
Income taxes paid	(303,514)	(306,350)
Withholding tax paid	(53,299)	(17,493)
Net cash from operating activities	1,084,492	1,052,651



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December, 2025

	2025 HK\$'000	2024 HK\$'000
Investing activities		
Purchases of property, plant and equipment	(779,218)	(615,599)
Deposits paid for acquisition of property, plant and equipment and right-of-use assets	(174,785)	(86,649)
Payments of unsettled consideration of acquisitions of subsidiaries	–	(23,960)
Proceeds from disposal of property, plant and equipment	41,271	31,015
Proceeds from disposal of leasehold land	13,838	–
Payments of right-of-use assets	(1,030)	(16,952)
Addition of other intangible assets	(135)	(96)
Addition of other long-term deposit	–	(15,899)
Disposal of (additional) investment in financial assets at fair value through other comprehensive income	39,947	(38,855)
Additional investment in an associate	–	(11,547)
Proceeds from disposal of a subsidiary	5	–
Net cash used in investing activities	(860,107)	(778,542)
Financing activities		
Interest paid	(557,962)	(725,701)
Loan facilities fees paid	(5,587)	(18,686)
New borrowings raised	6,618,357	9,111,717
Dividends paid	(52,793)	–
Dividends paid by subsidiaries to non-controlling interests	(17,487)	(27,980)
Repayments of lease liabilities	(7,239)	(6,698)
Repayments of borrowings	(6,637,355)	(8,258,213)
Capital contribution from non-controlling interests of subsidiaries	218	2,139
Payment on repurchase of ordinary shares	(126,104)	(79,132)
Acquisition of additional interest in a subsidiary	–	(9,868)
Increase of restricted cash	(114,301)	–
Transaction costs attributable to repurchase of ordinary shares	(454)	(284)
Net cash used in financing activities	(900,707)	(12,706)
Net (decrease) increase in cash and cash equivalents	(676,322)	261,403
Cash and cash equivalents at 1st January	1,650,857	1,522,684
Effect of foreign exchange rate changes	(39,813)	(133,230)
Cash and cash equivalents at 31st December	934,722	1,650,857

The accompanying notes form an integral part of these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

1. GENERAL INFORMATION

Zhongyu Energy Holdings Limited (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The Company’s subsidiaries are principally engaged in the development, construction and operation of natural gas projects and development of smart energy in the PRC.

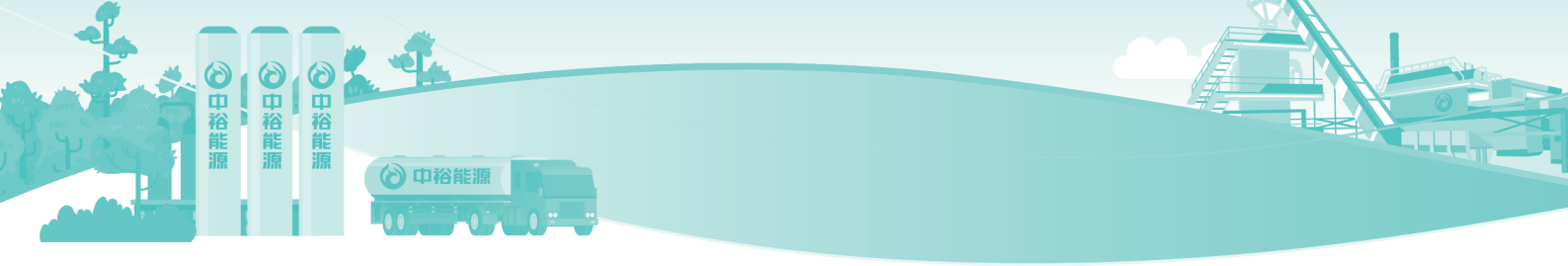
The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is different from the Company’s functional currency of Renminbi (“RMB”). The directors of the Company (the “Directors”) adopt HK\$ as presentation currency for the convenience of the financial statements users as the Company’s shares are listed on the Stock Exchange.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to the financial statements for the current accounting period. The amendments do not have a material impact on the financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, Financial instruments and HKFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, Financial instruments and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to HKFRS 10, <i>Consolidated financial statements and HKAS 28, Investments in associates and joint ventures: Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

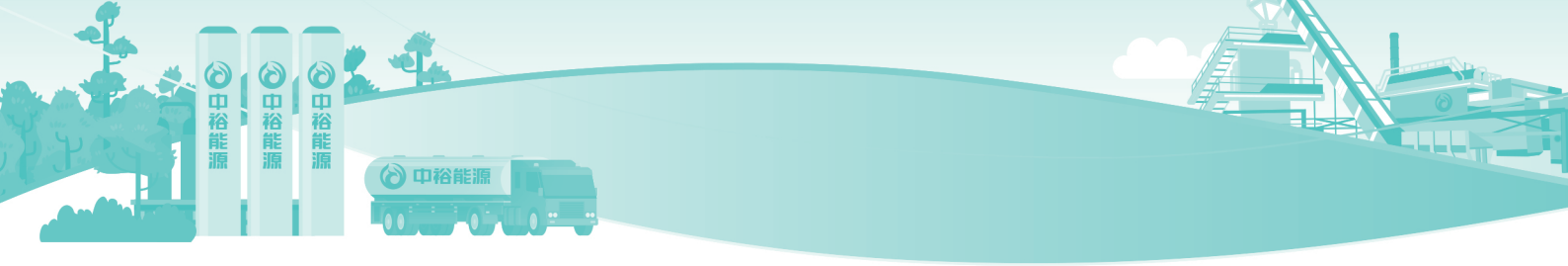
3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

As at 31st December, 2025, the Group has net current liabilities of HK\$5,588,901,000.

The Directors have therefore given careful consideration to the future liquidity of the Group when preparing the consolidated financial statements. The Directors believe that the Group will be able to meet in full its financial obligations as and when they fall due for the foreseeable future, taking into account total new bank borrowings amounting to approximately HK\$4.1 billion obtained in the first quarter of 2026, cash generated from operating activities and expected new banking facilities. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain property, plant and equipment, financial instruments and investment properties that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

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

For financial instruments, pipelines included in property, plant and equipment and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

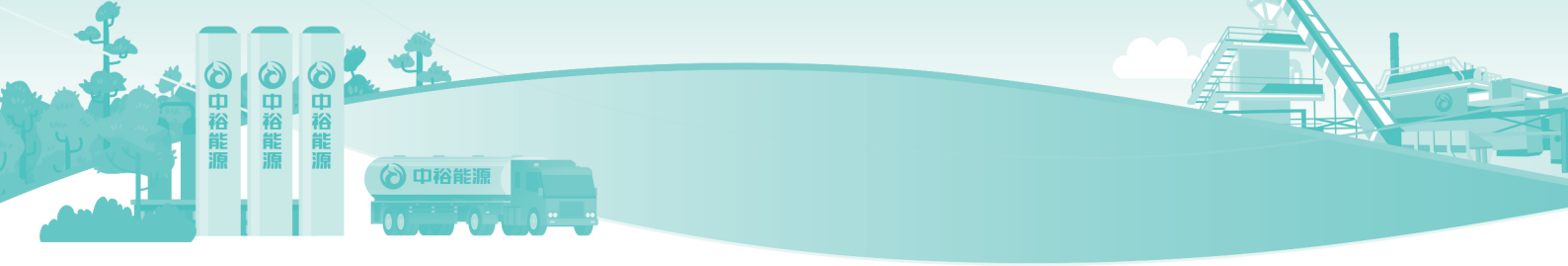
Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of the relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment at the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Goodwill (Continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

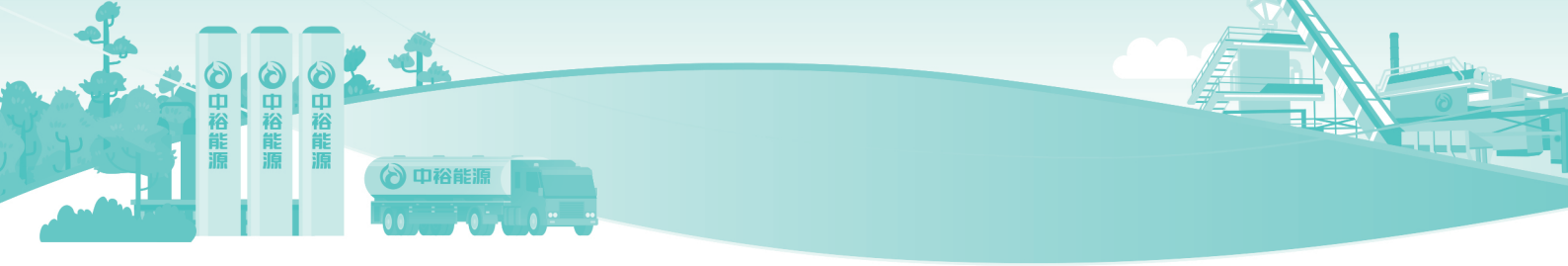
Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of the associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the associates and joint ventures used for equity accounting purpose are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate and a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investments in associates and joint ventures (Continued)

The Group assesses whether there is an objective evidence that the investments in associates and a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate and joint venture that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation.

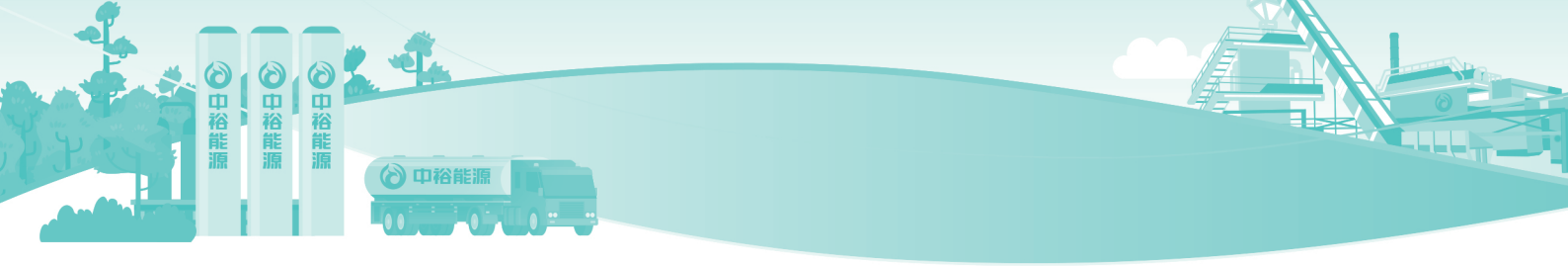
Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than assets under construction as described below) and are stated in the consolidated statement of financial position at cost or fair value less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Pipelines are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from the estimated fair values at the end of the reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Property, plant and equipment (Continued)

Any revaluation increase arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in net carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, in the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

Assets including building in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attribute to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

For a transfer from investment property carried at fair value to owner-occupied property, the property deemed cost for subsequent accounting shall be its fair value at the date of change in use.

Depreciation is recognised so as to write off the cost or revalued amount of assets other than assets under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Property, plant and equipment (Continued)

Leasehold land and building for own use

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, or fair value at the date of transfer including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

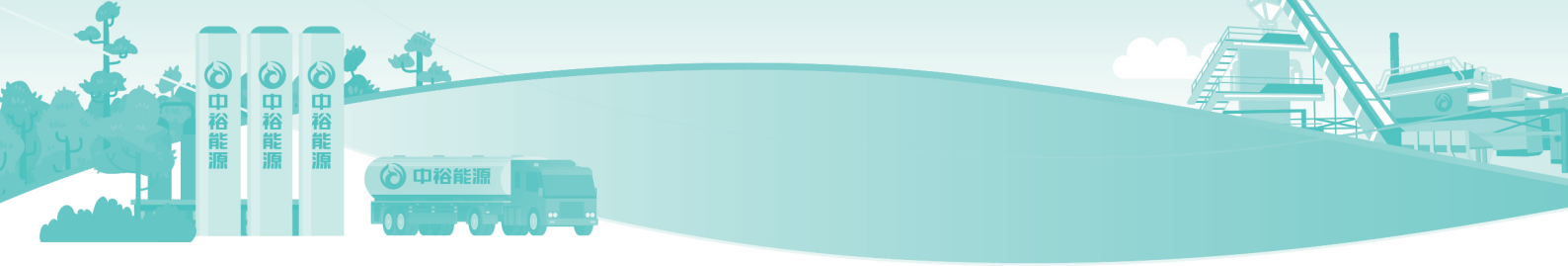
An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Except for investment properties that are measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets *(Continued)*

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property plant and equipment.

The Group presents right-of-use assets that do not meet the definition of investment property and inventories as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventories are presented within “investment properties” and “properties under development for sale” respectively.

The Group transfers a leasehold land from right-of-use assets to properties under development for sale when there is a change in use to hold the leasehold land for sale rather than in the production or supply of goods or services, or for administrative purposes. The cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property under development for sale.

Refundable rental deposits

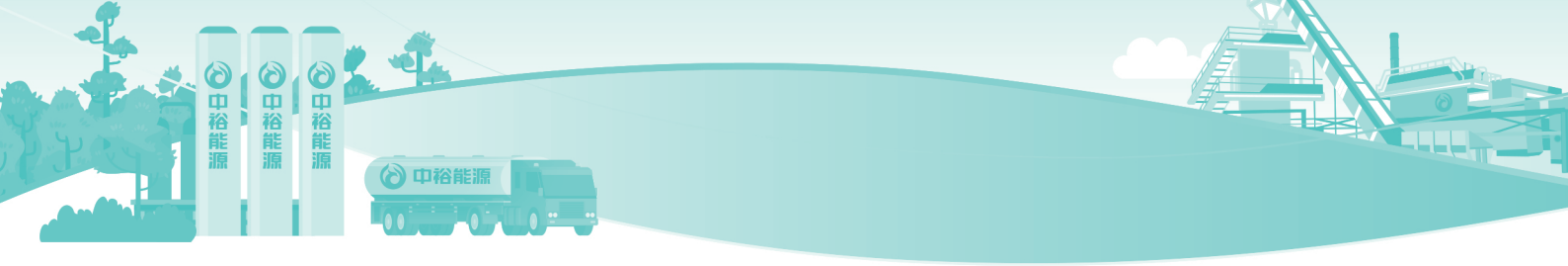
Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, if any.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (see accounting policy in respect of impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill below).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

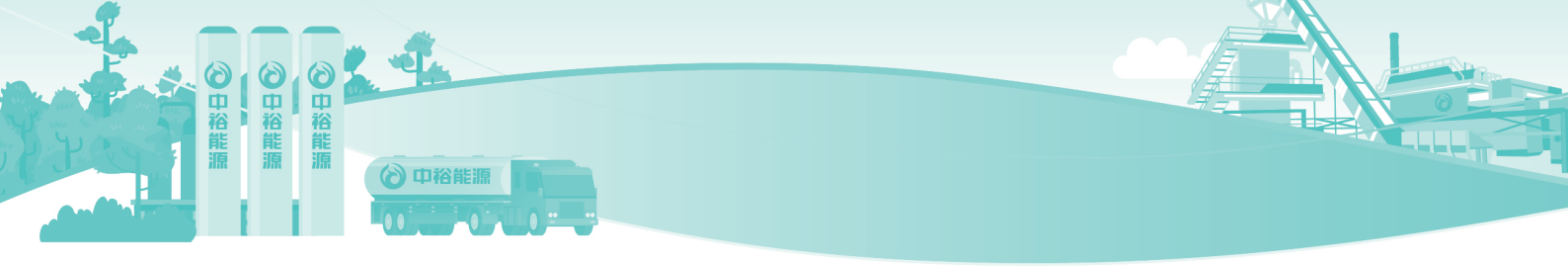
Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax are not recognised if the temporary difference arises from the initial recognition of goodwill, and those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation (Continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

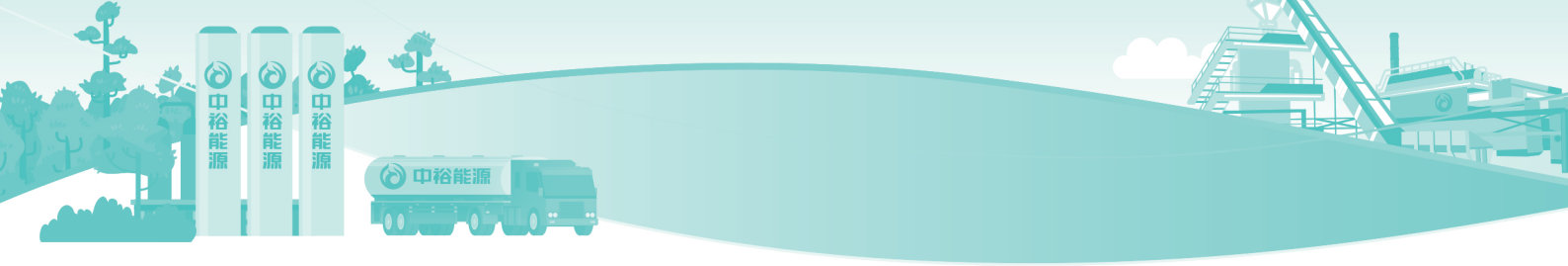
Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contract with Customers” (“HKFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9 or initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

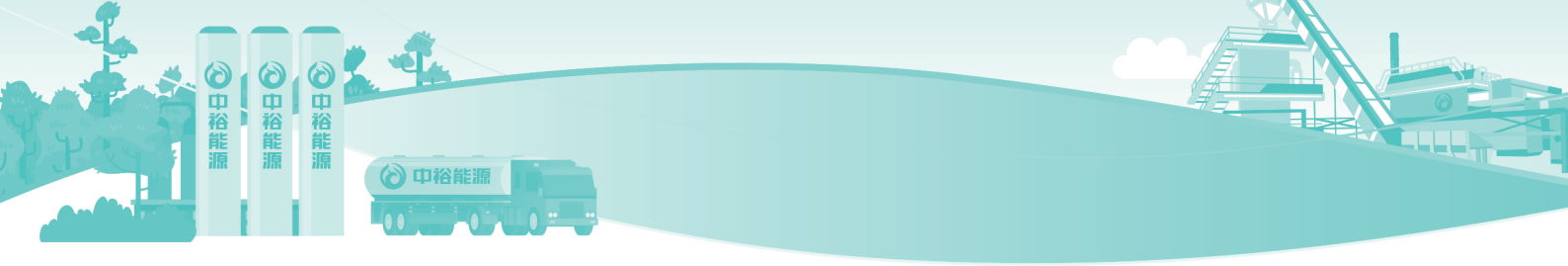
(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated profits.

Dividends from the investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, refundable deposits, other receivables, amount due from a non-controlling shareholder of a subsidiary and bank balances) and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 *(Continued)*

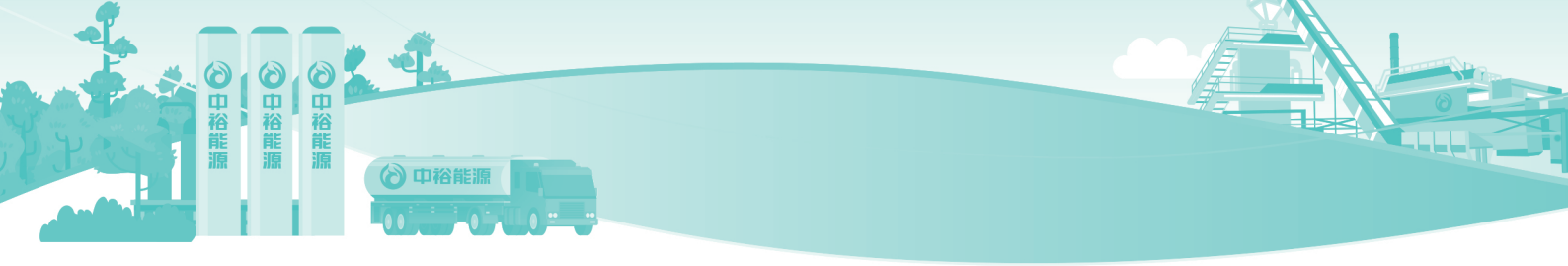
(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 *(Continued)*

(iv) Write-off policy

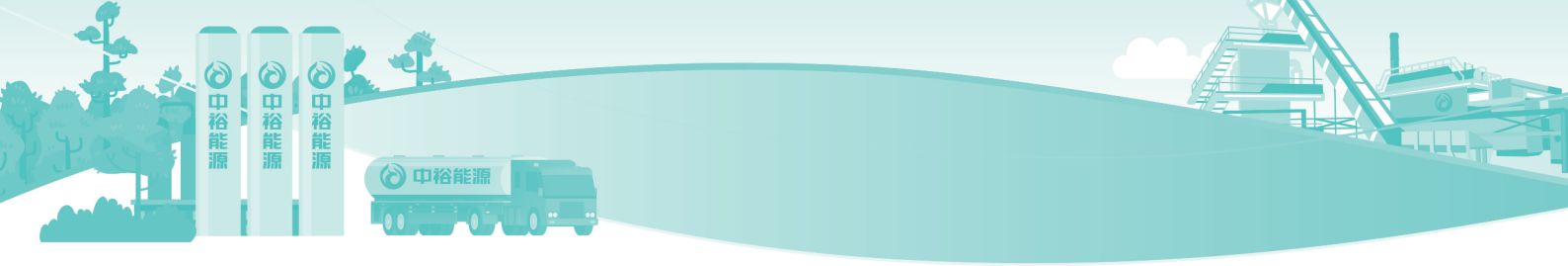
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account, except for investment in debt investments measured at FVOCI (with recycling).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (note 7) as part of the net foreign exchange gains (losses).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

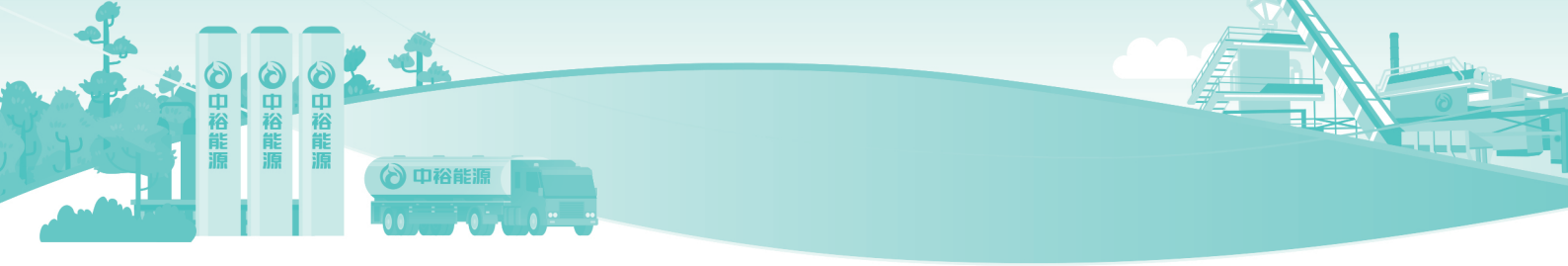
Repurchase of Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase of the Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables, amount due to a non-controlling shareholder of a subsidiary, amount due to an associate and borrowings are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other gains and losses" line item in profit or loss (note 7) as part of net foreign exchange gains (losses) for financial liabilities that are not part of a designated hedging relationship.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in the share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

Inventories

Inventories, including construction materials, gas appliances, consumables and spare parts, are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Properties under development for sale

Properties under development which are intended to be sold upon completion of development are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development is carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

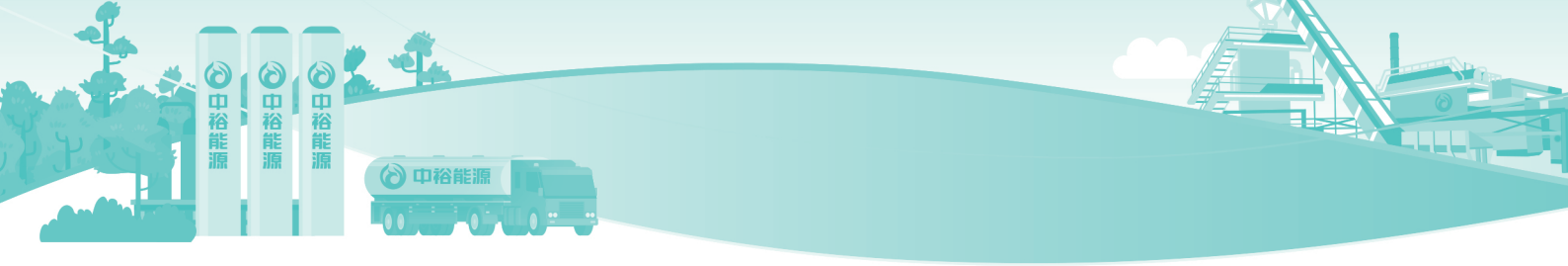
Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under contract liabilities.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising from the translation of the Company's functional currency, RMB, to the presentation currency of the consolidated financial statements, HK\$, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate) and will not be reclassified subsequently to profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit, corporate assets are allocated to individual cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or a group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or a group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Cash and cash equivalents

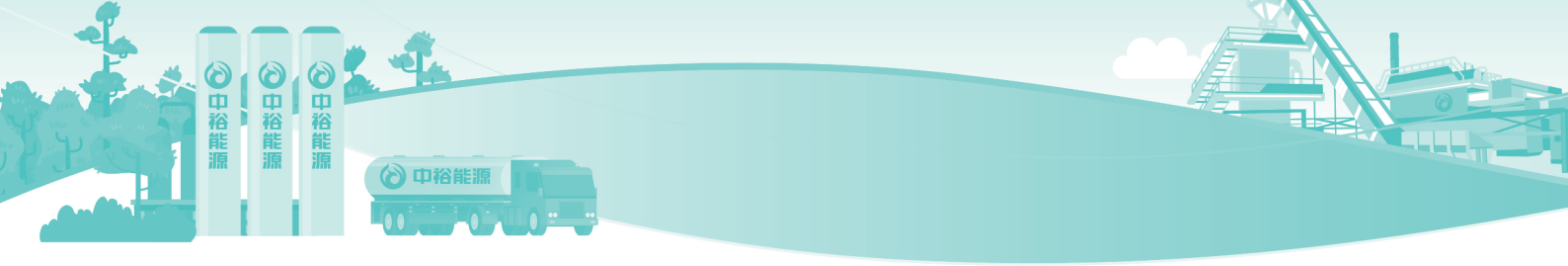
Bank balances and cash presented on the consolidated statement of financial position and the consolidated statements of cash flows include:

- (a) cash, which comprises of cash on hand, demand deposits; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment assessment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of relevant assets or the cash-generating unit to which the goodwill belongs. The recoverable amount is determined based on the value in use calculation which requires the Group to estimate the future cash flows expected to arise from relevant assets or the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected or due to changes in estimates, a material impairment loss may arise. Details of the recoverable amount calculation for the cash-generating units in respect of (i) sales of gas, (ii) pipeline construction, (iii) different subsidiaries of Harmony Gas Holdings Limited (“Harmony Gas”) engaging in sales of gas and (iv) design and consulting of energy projects are set out in note 18. As at 31st December, 2025, the carrying amounts of goodwill of HK\$464,181,000 (2024: HK\$449,613,000) was assessed for impairment.

Valuation of pipelines included in property, plant and equipment

As described in note 16, pipelines included in property, plant and equipment were revalued as at 31st December, 2025 based on depreciated replacement cost method (“DRC”) determined by an independent professional valuer. Such valuations were based on certain assumptions, which are subject to uncertainty and may differ from the actual results. In making the estimation for depreciated replacement cost for pipelines, the independent professional valuer considers information from the aggregate amount of the new replacement cost of the pipelines and deductions for obsolescence at the end of the reporting period. As at 31st December, 2025, the carrying amount of pipelines included in property, plant and equipment were HK\$10,162,465,000 (2024: HK\$9,642,219,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

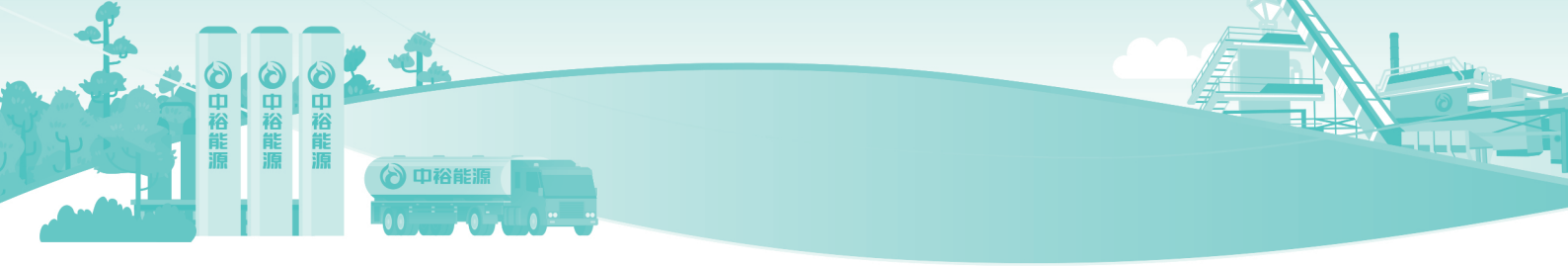
For the year ended 31st December, 2025

5. TURNOVER

(i) Disaggregation of revenue from contracts with customers

	2025 HK\$'000	2024 HK\$'000
Types of goods or services		
Sales of gas	10,316,759	10,734,109
Gas pipeline construction	835,378	1,003,736
Smart energy	667,569	1,154,291
Value-added services	454,962	368,462
Sales of compressed natural gas or liquefied natural gas ("CNG/LNG") in vehicle filling stations	169,578	211,601
Total	12,444,246	13,472,199
Timing of revenue recognition		
A point in time	11,608,868	12,468,463
Over time	835,378	1,003,736
Total	12,444,246	13,472,199

Over 95% of the Group's revenue from contracts with customers are derived from the PRC.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

5. TURNOVER (Continued)

(ii) Performance obligations for contracts with customers

The Group recognises revenue from the following major sources:

(a) Sales of goods

For the sales of gas, the Group would require advance payment before the usage of the natural gas for certain customers, any shortage against the periodically actual charge for the actual usage of natural gas will be billed by the Group accordingly. The Group allows an average credit period of 30 to 180 days to its customers for the invoices issued. These customers are required to top up the advance payment for future usage of natural gas to be supplied by the Group.

The Group requires advance payment before the usage of the natural gas through prepaid card for certain household users. The charge of the actual usage of natural gas will be deducted directly to the balance of the prepaid card. These customers can only consume the natural gas up to the balance of the prepaid card.

For the sales of CNG/LNG, stoves and liquefied petroleum gas and smart energy including supply of natural gas-fired distributed energy, photovoltaic power generation and charging station, a receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The Group allows an average credit period of 30 to 180 days to its customers for the invoices issued.

(b) Construction

The Group provides gas pipeline construction services under construction contracts with its customers. Such contracts are entered into before construction of the gas pipeline begins. The Group's performance creates or enhances an asset that the customer controls as the Group performs. Revenue from construction of gas pipeline is recognised over time on an input method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under HKFRS 15.

The Group requires certain customers to provide upfront deposits before the commencement of the construction which will give rise to contract liabilities until the revenue recognised on the relevant contracts exceed the amount of the deposits. The Group is entitled to invoice customers for gas pipeline construction services upon completion of construction works. The Group recognises contract asset for any work performed in excess of payment from customer for the same contract. Any amount previously recognised as a contract asset is reclassified to trade receivables upon completion of construction works. The Group allows an average credit period of 30 to 180 days to its customers.

The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

5. TURNOVER *(Continued)*

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All the contracts for sales of gas and other goods, and gas pipeline construction are for original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENT INFORMATION

The Group's executive directors are the chief operating decision makers ("CODM") as they collectively make strategic decisions on resources allocation and performance assessment.

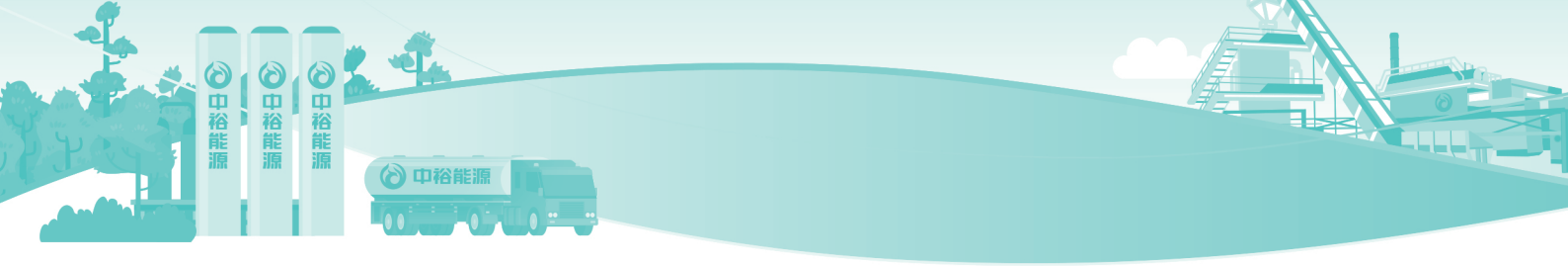
Information that is reported to the CODM for the purpose of resources allocation and assessment of performance focuses on the type of products delivered or services rendered which is also consistent with the basis of organisation of the Group.

Each type of product or service represents an unique business unit within the Group whose performance is assessed independently. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments are therefore as follows:

- (a) sales of gas;
- (b) gas pipeline construction;
- (c) smart energy;
- (d) value-added services (including sales of stoves and provision of other related services); and
- (e) operation of CNG/LNG vehicle filling stations.

A subsidiary of the Company also engages in the property development in the PRC and revenue generated from this business is included in the value-added services of the Group. The operating results and other financial information of this subsidiary's business are not separately reviewed by the CODM for the purpose of resources allocation and performance assessments.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the year ended 31st December, 2025

	Reportable segments					Consolidated HK\$'000
	Sales of gas HK\$'000	Gas pipeline construction HK\$'000	Smart energy HK\$'000	Value-added services HK\$'000	Operation of CNG/LNG vehicle filling stations HK\$'000	
Segment revenue	10,316,759	835,378	667,569	454,962	169,578	12,444,246
Segment profit	451,723	322,187	65,274	115,915	2,273	957,372
Unallocated other income						26,500
Unallocated other gains and losses						152,215
Unallocated central corporate expenses						(122,212)
Impairment losses on other receivables and long-term other receivables						(43,460)
Finance costs						(397,485)
Profit before tax						572,930

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

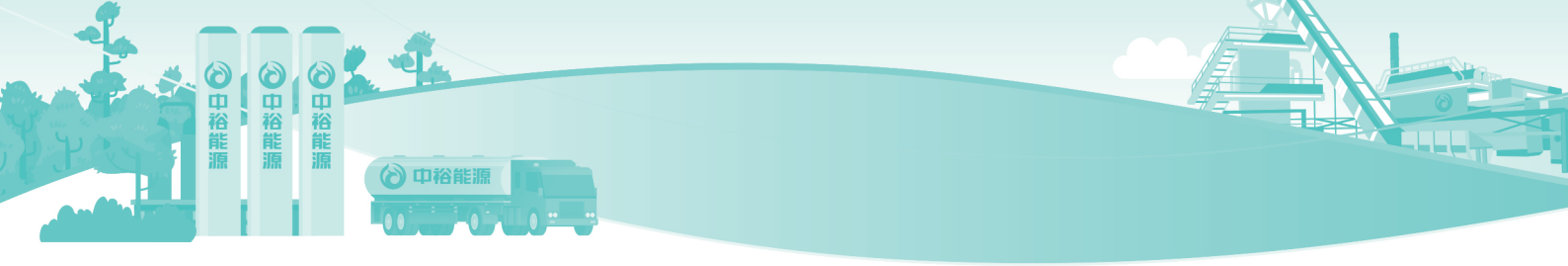
6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31st December, 2024

	Reportable segments					Consolidated HK\$'000
	Sales of gas HK\$'000	Gas pipeline construction HK\$'000	Smart energy HK\$'000	Value-added services HK\$'000	Operation of CNG/LNG vehicle filling stations HK\$'000	
Segment revenue	10,734,109	1,003,736	1,154,291	368,462	211,601	13,472,199
Segment profit	520,452	511,845	74,140	144,835	1,739	1,253,011
Unallocated other income						24,950
Unallocated other gains and losses						(13,228)
Unallocated central corporate expenses						(182,477)
Impairment loss on other receivables						(4,071)
Finance costs						(629,488)
Profit before tax						448,697

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Reportable segments represent the financial result of each segment without allocation of central administration costs, directors' emoluments, interest income, change in fair value of investment properties, foreign exchange gains or losses, certain sundry income, impairment losses on other receivables and long-term other receivables and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

Amounts of segment assets and liabilities of the Group are not reviewed by the CODM or otherwise regularly provided to the CODM, accordingly, segment assets and liabilities are not presented.

Other segment information

2025

	Reportable segments							
	Sales of gas	Gas pipeline construction	Smart energy	Value-added services	Operations of CNG/LNG vehicle filling stations	Segment total	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment profit or loss:								
Net loss on disposal of property, plant and equipment	163	142	147	66	-	518	-	518
Depreciation of right-of-use assets	13,630	-	171	-	7,050	20,851	2,727	23,578
Depreciation of property, plant and equipment	506,271	1,481	1,439	2,479	7,069	518,739	9,850	528,589
Amortisation of other intangible assets	81,265	-	2,084	-	-	83,349	-	83,349
Impairment losses recognised on								
- trade receivables	3,101	71,487	-	-	-	74,588	-	74,588
- contract assets	-	10,213	-	-	-	10,213	-	10,213
- other receivables	-	-	-	-	-	-	23,460	23,460
- long-term other receivables	-	-	-	-	-	-	20,000	20,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

2024

	Reportable segments					Segment total	Unallocated	Consolidated
	Sales of gas	Gas pipeline construction	Smart energy	Value-added services	Operations of CNG/LNG vehicle filling stations			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

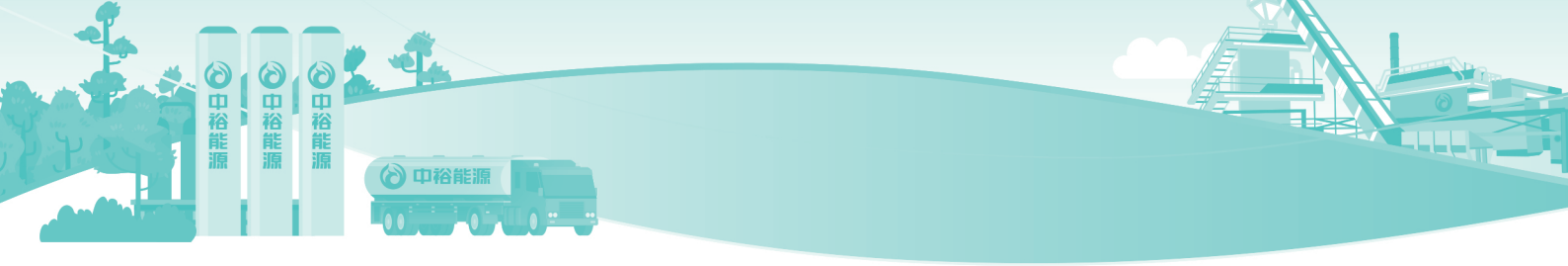
Amounts included in the measure of segment profit or loss:

Net loss (gain) on disposal of property, plant and equipment	2,284	-	88	8	(22)	2,358	-	2,358
Depreciation of right-of-use assets	13,487	-	212	-	7,141	20,840	3,577	24,417
Depreciation of property, plant and equipment	481,664	1,537	1,297	3,665	9,863	498,026	12,450	510,476
Amortisation of other intangible assets	81,609	-	2,093	-	-	83,702	-	83,702
Impairment losses recognised on								
- trade receivables	-	6,433	-	-	-	6,433	-	6,433
- contract assets	-	1,506	-	-	-	1,506	-	1,506
- other receivables	-	-	-	-	-	-	4,071	4,071

Geographical information

Over 95% of the Group's turnover for both years are derived from the PRC. None of the customers contributes over 10% of the total revenue of the Group.

As at 31st December, 2025, all the non-current assets of the Group (excluding financial assets) amounting to HK\$19,524,262,000 (2024: HK\$18,834,291,000) are located in the PRC.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

7. OTHER GAINS AND LOSSES

	2025 HK\$'000	2024 HK\$'000
Net foreign exchange gains (losses) (note)	152,635	(12,805)
Decrease in fair value of investment properties (note 15)	(420)	(423)
Net losses on disposal of property, plant and equipment	(518)	(2,358)
Others	(2,190)	–
	149,507	(15,586)

Note: The foreign exchange mainly related to the borrowings denominated in foreign currencies in translation to the functional currency of the relevant group entities.

8. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Interest income from financial assets at amortised cost		
– Bank interest income	6,518	4,503
– Interest income from loans to employees	23,319	23,319
	29,837	27,822
Government subsidies (note)	52,834	124,517
Sundry income	37,609	54,176
	120,280	206,515

Note:

During the year ended 31st December, 2025, the Group has received subsidies of HK\$52,834,000 (2024: HK\$124,517,000) from the relevant PRC governments for promoting the use of natural gas. There are no conditions attached to the subsidies granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

9. FINANCE COSTS

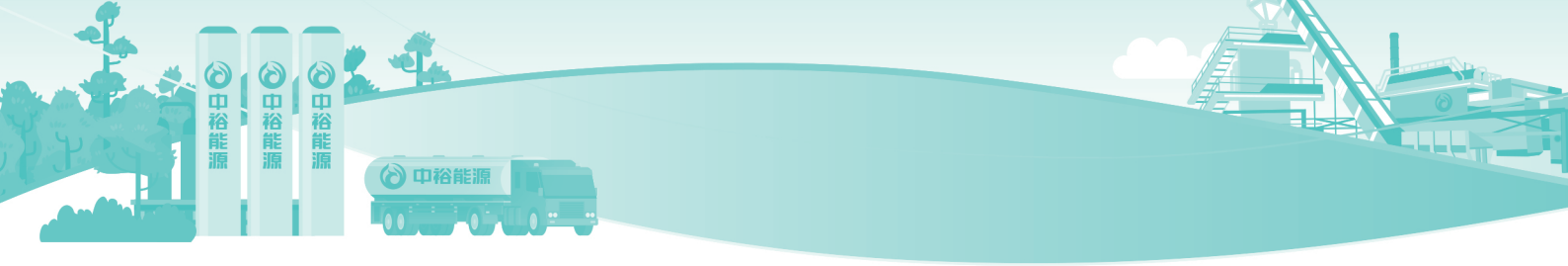
	2025 HK\$'000	2024 HK\$'000
Interest on borrowings	534,369	706,042
Interest on lease liabilities	698	1,419
	535,067	707,461
Amortisation on loan facilities fees relating to bank borrowings	34,956	65,517
Total borrowing costs	570,023	772,978
Less: amounts capitalised in construction in progress included in property, plant and equipment	(172,538)	(143,490)
	397,485	629,488

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.81% (2024: 4.00%) per annum to expenditure on qualifying assets.

10. INCOME TAX EXPENSES

	2025 HK\$'000	2024 HK\$'000
PRC Enterprise Income Tax:		
Current tax	282,105	269,358
Under provision in prior years	35,873	14,008
Withholding tax levied on dividend and interest income paid previously not recognised	53,299	17,493
	371,277	300,859
Deferred taxation (note 35)	(51,564)	(53,306)
	319,713	247,553

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

10. INCOME TAX EXPENSES (Continued)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its subsidiaries had no assessable profits arising in Hong Kong for both years.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before tax	572,930	448,697
Tax at the domestic income tax rate of 25% (note)	143,233	112,174
Tax effect of expenses not deductible for tax purpose	206,554	178,084
Tax effect of income not taxable for tax purpose	(125,748)	(75,328)
Tax effect of share of results of associates	(4,231)	(2,560)
Tax effect of share of results of joint ventures	398	446
Tax effect of estimated tax losses not recognised	29,512	22,444
Utilisation of estimated tax losses previously not recognised	(19,177)	(19,208)
Under provision in respect of prior years	35,873	14,008
Withholding tax levied on dividend and interest paid previously not recognised	53,299	17,493
Tax charge for the year	319,713	247,553

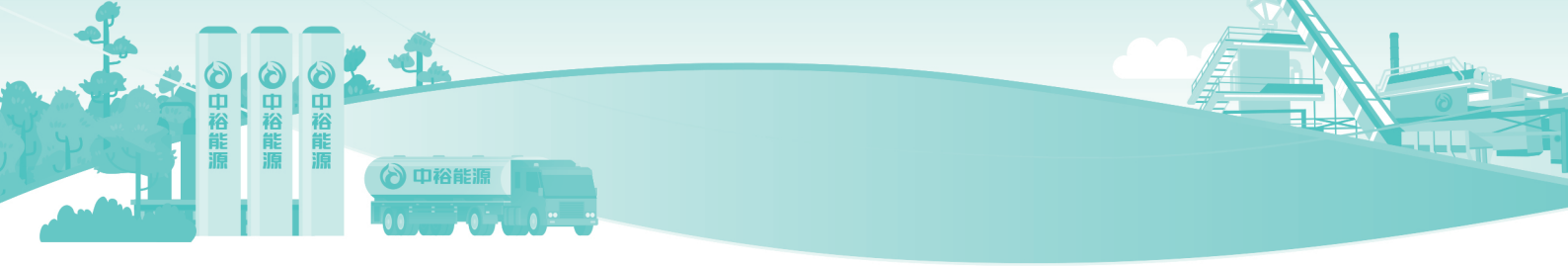
Note: The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

11. PROFIT FOR THE YEAR

	2025 HK\$'000	2024 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	3,680	4,100
Amortisation of other intangible assets (included in cost of sales)	83,349	83,702
Depreciation of right-of-use assets	23,578	24,417
Depreciation of property, plant and equipment	528,589	510,476
Employee benefits expenses, other than directors' emoluments		
– Salaries and other benefits	470,217	471,578
– Contributions to retirement benefits schemes	106,479	106,946
	576,696	578,524
Cost of inventories recognised as expenses in respect of costs incurred for gas pipeline construction	94,296	170,970
Cost of inventories recognised as expenses in respect of sales of gas, CNG/LNG, liquefied petroleum gas, stoves and smart energy	9,815,983	10,861,621
Cost of properties held for sale recognised as expenses in respect of sales of properties	105,238	–
	10,015,517	11,032,591
Impairment losses		
– Long-term other receivables	20,000	–
– Trade receivables	74,588	6,433
– Other receivables	23,460	4,071
– Contract assets	10,213	1,506
	128,261	12,010
Gross rental income from investment properties with minimal outgoings	(1,041)	(476)
Gross rental income from equipment with minimal outgoings	(11,989)	(10,892)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

The emoluments paid or payable to the Directors and the chief executive are as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	750	750
Other emoluments:		
– Salaries and other benefits	22,293	23,640
– Contributions to retirement benefits schemes	288	327
Total emoluments	23,331	24,717

The emoluments of Directors and the chief executive of the Company are analysed as follows:

	2025				2024			
	Fees HK\$'000	Salaries and other benefits HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000	Fees HK\$'000	Salaries and other benefits HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000
Executive directors								
Mr. Wang Wenliang	–	7,140	–	7,140	–	7,140	–	7,140
Mr. Yiu Chi Shing	–	2,400	–	2,400	–	2,400	–	2,400
Mr. Lui Siu Keung (note i)	–	5,600	18	5,618	–	5,600	18	5,618
Mr. Jia Kun	–	3,100	125	3,225	–	4,660	123	4,783
Mr. Lu Zhaoheng(note iii)	–	866	–	866	–	2,300	94	2,394
Mr. Li Yan (note ii)	–	583	–	583	–	1,540	92	1,632
Mr. Peng Jun(note ii)	–	1,671	64	1,735	–	–	–	–
Mr. Wang Jichao(note ii)	–	933	81	1,014	–	–	–	–
Independent non-executive directors								
Mr. Li Chunyan	250	–	–	250	250	–	–	250
Dr. Key Ke Liu	250	–	–	250	250	–	–	250
Ms. Liu Yu Jie	250	–	–	250	250	–	–	250
	750	22,293	288	23,331	750	23,640	327	24,717

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Directors' and chief executive's emoluments (Continued)

Notes:

- (i) Mr. Lui Siu Keung is also the chief executive officer ("CEO") of the Company and his emoluments disclosed above include those for services rendered by him as the CEO.
- (ii) Mr. Li Yan resigned as an executive director of the Company with effect from 3rd June, 2025, and Mr. Peng Jun and Mr. Wang Jichao were appointed as executive directors of the Company with effect from the same day.
- (iii) Mr. Lu Zhaoheng retired as an executive director of the Company with effect from 2nd June, 2025.

No emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as a compensation for loss of office for both years.

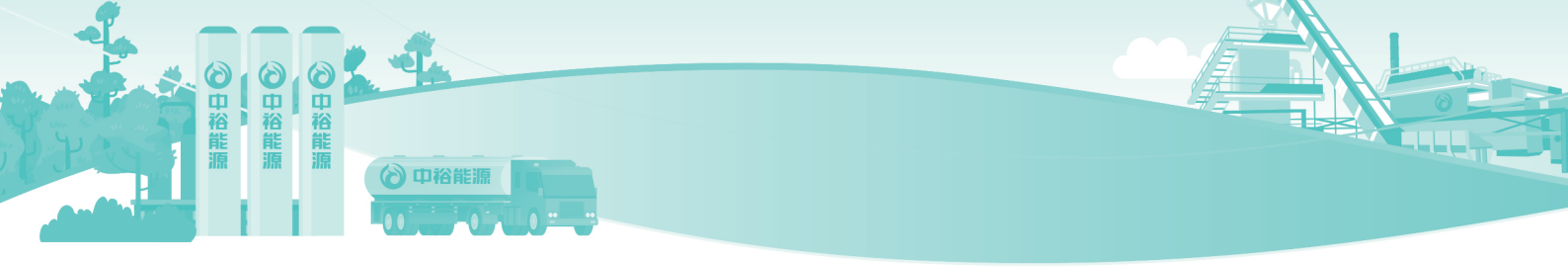
The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as Directors.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2024: three) were Directors whose emoluments are disclosed above. The emolument of the remaining individual for the year ended 31st December, 2025 is as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	3,500	8,017
Contributions to retirement benefits schemes	107	210
	3,607	8,227



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Employees' emoluments (Continued)

The emoluments are within the following band:

	2025 Number of employee	2024 Number of employee
HK\$3,500,001 to HK\$4,000,000	1	1
HK\$4,500,001 to HK\$5,000,000	–	1
	1	2

13. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Dividend for ordinary shareholders of the Company recognised as distribution during the year:		
2024 final dividend of HK 2 cents (2024: nil) per ordinary share	54,966	–
Final dividend, proposed, of HK3 cents (2024: HK2 cents) per ordinary share	82,449	55,436

Subsequent to the end of reporting period, a final dividend of HK3 cents per ordinary share in respect of the year ended 31st December, 2025 (2024: HK2 cents), in an aggregate amount of HK\$82,449,000 (2024: HK\$55,436,000), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.



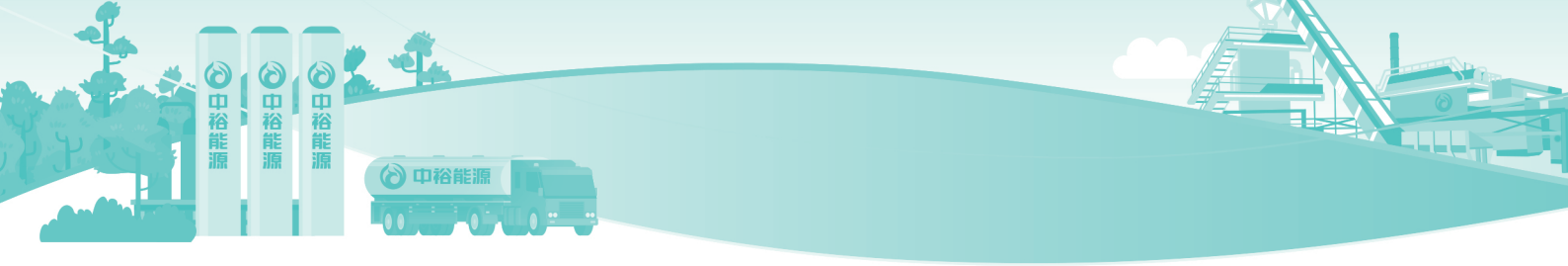
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2025 HK\$'000	2024 HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share, being profit for the year attributable to owners of the Company	247,278	146,384
	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	2,755,107	2,787,817



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

15. INVESTMENT PROPERTIES

HK\$'000

Fair value

At 1st January, 2024	7,115
Exchange adjustments	(135)
Decrease in fair value recognised in profit or loss (note)	(423)
Transfer to property, plant and equipment	(459)
At 31st December, 2024	6,098
Exchange adjustments	188
Decrease in fair value recognised in profit or loss (note)	(420)
At 31st December, 2025	5,866

Note:

The fair value of the Group's investment properties at 31st December, 2025 and 2024 has been arrived at on the basis of a valuation carried out on the respective dates by 华夏九鼎房地產土地資產評估(河南)有限公司 ("华夏九鼎"), an independent qualified professional valuers not connected to the Group.

The fair value determined by 华夏九鼎 was based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in the PRC and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties. There has been no change from the valuation technique used in the prior year.

The Group leases out various offices under operating leases with rentals payable monthly. The leases mainly run for an initial period of one to ten years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

15. INVESTMENT PROPERTIES (Continued)

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

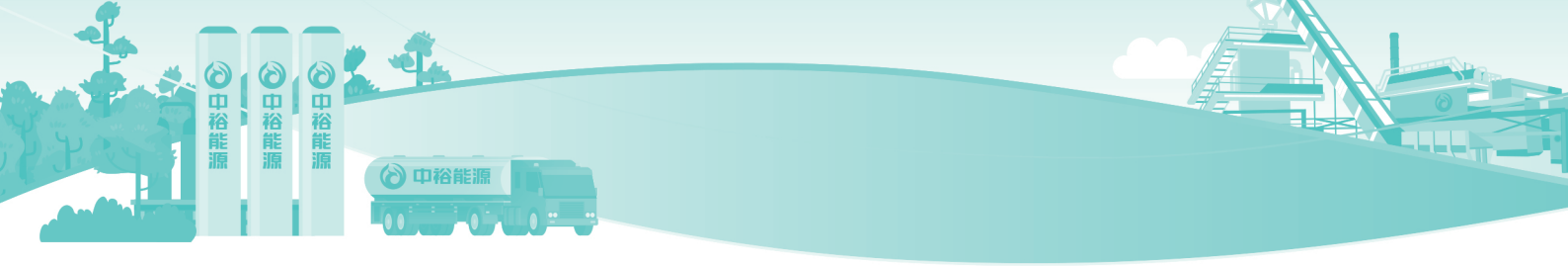
In estimating the fair value of the properties, the highest and best use of the properties is their current use. At the end of each reporting period, the CEO of the Group works closely with the independent qualified professional valuers to establish and determine the appropriate valuation techniques and inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

Information about fair value measurements using significant unobservable inputs

The following table gives information about how the fair value of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Description	Fair value		Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Relationship of inputs to fair value
	2025	2024				
	HK\$'000	HK\$'000				
Commercial property units located in the PRC	5,866	6,098	Level 3	Income approach	Discount rate (2025:4.86%; 2024: 4.71%)	The higher the discount rate, the lower the fair value

There were no transfers into or out of Level 3 during the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Construction in progress	Leasehold improvements	Pipelines	Machinery and equipment	Furniture and fixtures	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation								
At 1st January, 2024	1,193,281	3,656,139	62,396	9,791,484	1,304,085	61,977	173,864	16,243,226
Exchange adjustments	(26,239)	(71,743)	(1,732)	(251,417)	(29,553)	(1,382)	(3,300)	(385,366)
Transfer from investment properties	459	-	-	-	-	-	-	459
Additions	5,309	738,374	42,509	26,102	53,379	5,426	12,534	883,633
Disposals	(4,653)	(21,362)	(1,645)	-	(13,026)	(1,155)	(9,076)	(50,917)
Transfer	95,675	(784,902)	-	581,907	107,238	82	-	-
Revaluation	-	-	-	(505,857)	-	-	-	(505,857)
At 31st December, 2024	1,263,832	3,516,506	101,528	9,642,219	1,422,123	64,948	174,022	16,185,178
Exchange adjustments	42,001	120,909	4,406	394,273	51,472	2,303	4,936	620,300
Additions	1,617	994,642	55,665	5,157	157,230	5,580	4,816	1,224,707
Disposals	(3,429)	(34,793)	(345)	(1,095)	(28,868)	(1,802)	(11,585)	(81,917)
Transfer	16,681	(1,018,529)	-	954,689	45,856	1,303	-	-
Revaluation	-	-	-	(832,778)	-	-	-	(832,778)
At 31st December, 2025	1,320,702	3,578,735	161,254	10,162,465	1,647,813	72,332	172,189	17,115,490
Depreciation								
At 1st January, 2024	207,236	-	26,930	-	513,581	40,674	86,061	874,482
Exchange adjustments	(5,014)	-	(595)	(47,555)	(12,361)	(995)	(1,968)	(68,488)
Provided for the year	26,602	-	5,724	376,659	79,018	9,242	13,231	510,476
Eliminated on disposals	(233)	-	(1,645)	-	(6,937)	(951)	(7,778)	(17,544)
Eliminated on revaluation	-	-	-	(329,104)	-	-	-	(329,104)
At 31st December, 2024	228,591	-	30,414	-	573,301	47,970	89,546	969,822
Exchange adjustments	8,676	-	1,199	86,635	21,609	1,796	3,101	123,016
Provided for the year	28,253	-	10,501	384,240	85,546	8,481	11,568	528,589
Eliminated on disposals	(1,639)	-	-	(540)	(14,714)	(1,571)	(8,682)	(27,146)
Eliminated on revaluation	-	-	-	(470,335)	-	-	-	(470,335)
At 31st December, 2025	263,881	-	42,114	-	665,742	56,676	95,533	1,123,946
Carrying values								
At 31st December, 2025	1,056,821	3,578,735	119,140	10,162,465	982,071	15,656	76,656	15,991,544
At 31st December, 2024	1,035,241	3,516,506	71,114	9,642,219	848,822	16,978	84,476	15,215,356



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis after taking into account the residual values at the following rates per annum:

Buildings	Over the remaining terms of leases
Leasehold improvements	Over the remaining terms of leases
Pipelines	Over the shorter of 30 years or operation period of the relevant company
Machinery and equipment	6% – 30%
Furniture and fixtures	20%
Motor vehicles	10% – 18%

As at 31st December, 2025, the Group is in the process of obtaining title deeds from relevant government authority for its buildings in the PRC amounting to HK\$146,934,000 (2024: HK\$144,770,000). In the opinion of the Directors, the Group is not required to incur additional cost in obtaining the title deeds for its buildings in the PRC.

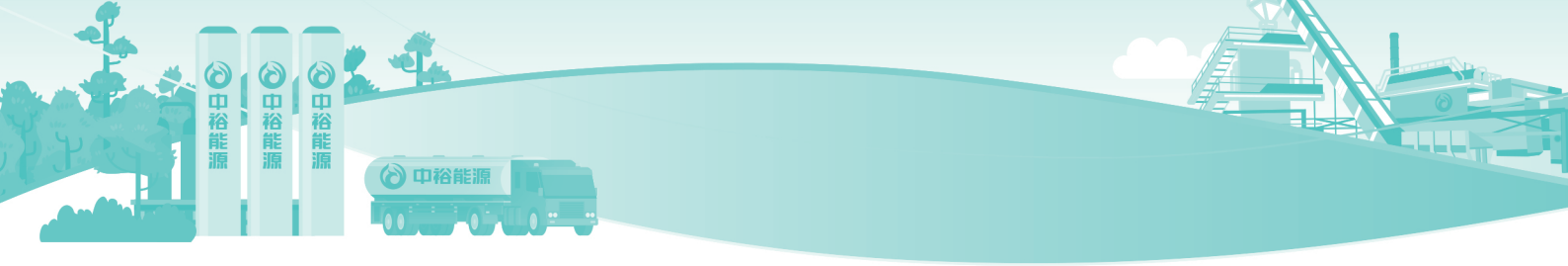
Fair value measurement of the Group's pipelines included in property, plant and equipment

At 31st December, 2025 and 2024, the fair value of the Group's pipelines was valued by the independent qualified professional valuer, GW Financial Advisory Services Limited, using DRC approach.

In determining the fair value of the pipelines, at the end of each reporting period, the CEO works closely with the independent qualified professional valuer to establish and determine the appropriate valuation techniques and inputs to be used in determining the fair value of the assets. Discussion of valuation processes and results were held between CEO and the Directors at least once a year.

The fair value of the pipelines has been determined using the DRC approach that reflects the cost to a market participant to construct assets of comparable utility and the age of the pipelines, adjusted for obsolescence. The Group has determined that the highest and best use of the pipelines at the measurement date would be their existing use.

The Group's pipelines at revalued amount are categorised into level 3 of the fair value hierarchy.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement of the Group's pipelines included in property, plant and equipment (Continued)

The following table shows the valuation technique used in the determination of fair value and unobservable inputs used in the valuation model.

Description	Fair value		Valuation techniques	Significant unobservable inputs	Significant inputs
	2025	2024			
	HK\$'000	HK\$'000			
Pipelines included in property, plant and equipment	10,162,465	9,642,219	DRC approach	(a) historical labour cost (RMB/year) (b) historical raw chemical materials purchasing price indices for industrial producers	(a) RMB81,881 (2024: RMB78,295) (b) 95 (2024: 96.4)

A significant positive adjustment to any of the above significant unobservable inputs would result in a significant increase in fair value of the pipelines, and vice versa.

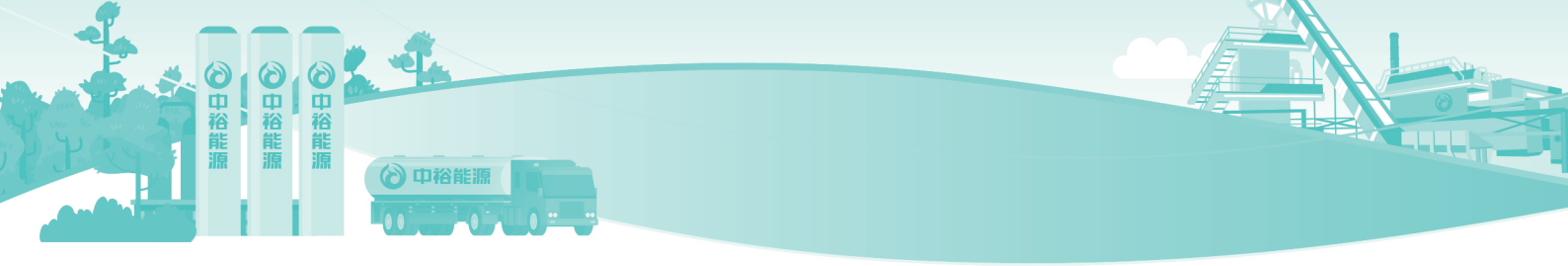
Had the pipelines included in property, plant and equipment at 31st December, 2025 been carried at cost less accumulated depreciation, its carrying value would have been approximately HK\$8,425,630,000 (2024: HK\$7,521,589,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

17. RIGHT-OF-USE ASSETS

	Leasehold lands HK\$'000	Leased properties HK\$'000	Total HK\$'000
Cost			
At 1st January, 2024	721,024	35,359	756,383
Additions	16,952	10,971	27,923
Eliminated upon leases expired	–	(5,268)	(5,268)
Exchange adjustments	(15,046)	(505)	(15,551)
At 31st December, 2024	722,930	40,557	763,487
Additions	1,030	7,546	8,576
Disposals	(27,088)	–	(27,088)
Eliminated upon leases expired	–	(3,387)	(3,387)
Exchange adjustments	22,814	1,146	23,960
At 31st December, 2025	719,686	45,862	765,548
Depreciation			
At 1st January, 2024	70,367	17,751	88,118
Charge for the year	16,145	8,272	24,417
Eliminated upon leases expired	–	(5,268)	(5,268)
Exchange adjustments	(1,697)	(179)	(1,876)
At 31st December, 2024	84,815	20,576	105,391
Charge for the year	16,398	7,180	23,578
Eliminated on disposals	(5,871)	–	(5,871)
Eliminated upon leases expired	–	(3,387)	(3,387)
Exchange adjustments	3,061	596	3,657
At 31st December, 2025	98,403	24,965	123,368
Carrying values			
At 31st December, 2025	621,283	20,897	642,180
At 31st December, 2024	638,115	19,981	658,096



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

17. RIGHT-OF-USE ASSETS (Continued)

The above items of right-of-use assets are depreciated on a straight-line basis at the following rates per annum:

Leasehold lands	Over the remaining terms of leases
Leasehold properties	Over the remaining terms of leases

Expense relating to short-term leases and low value lease is HK\$7,169,000 (2024: HK\$5,856,000) during the year ended 31st December, 2025.

The Group regularly entered into short-term lease for offices, staff quarters and gas containers.

Total cash outflow for lease was HK\$16,136,000 (2024: HK\$30,925,000) for the year ended 31st December, 2025.

For both years, the Group leases various pipelines, offices, staff quarters and gas containers for its operations. Lease contracts are entered into for fixed term of one year to twenty-five years with no options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. In addition, the Group owns several properties. The Group is the registered owner of these properties, including leasehold lands which are for fixed term of fifteen years to fifty-three years.

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of HK\$84,702,000 (2024: HK\$83,292,000) in which the Group is in the process of obtaining.

In addition, lease liabilities of HK\$25,748,000 are recognised with related right-of-use assets of HK\$20,897,000 as at 31st December, 2025 (2024: lease liabilities of HK\$24,604,000 and related right-of-use assets of HK\$19,981,000). 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

For the year ended 31st December, 2025

18. GOODWILL

	2025 HK\$'000	2024 HK\$'000
Cost and carrying amount		
At 1st January	449,613	459,052
Exchange adjustments	14,568	(9,439)
At 31st December	464,181	449,613

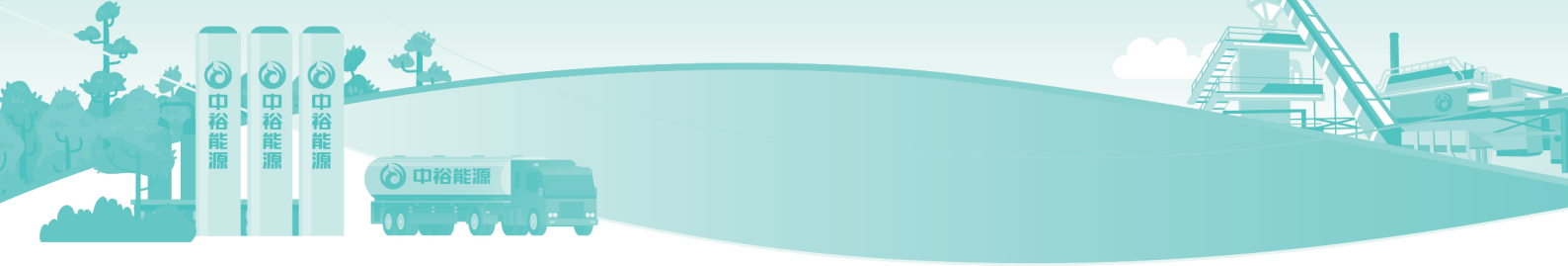
For the purposes of impairment testing, the carrying amount of goodwill is attributable to certain cash-generating units (“CGUs”) relating to sales of gas (“Unit A”) amounting to HK\$288,335,000 in aggregate (2024: HK\$279,287,000), pipeline construction (“Unit B”) amounting to HK\$71,501,000 in aggregate (2024: HK\$69,257,000), different subsidiaries of Harmony Gas engaging in sales of gas (“Unit C”) amounting to HK\$90,469,000 in aggregate (2024: HK\$87,629,000) and design and consulting of energy projects (“Unit D”) amounting to HK\$13,876,000 in aggregate (2024: HK\$13,440,000).

Impairment testing on Unit A

Unit A consists of all CGUs which represent the operations of different subsidiaries engaging in sales of gas, of which goodwill of HK\$288,335,000 (2024: HK\$279,287,000) is attributable to certain CGUs within Unit A. For impairment test purpose, management reviews each CGU’s recoverable amount and compares with the carrying amount of the respective CGU. The aggregate carrying amounts of the CGUs of Unit A comprise goodwill of HK\$288,335,000 (2024: HK\$279,287,000), other intangible assets of HK\$972,080,000 (2024: HK\$998,315,000), property, plant and equipment of HK\$6,999,004,000 (2024: HK\$5,923,867,000) and right-of-use assets of HK\$223,575,000 (2024: HK\$227,369,000). The recoverable amount of each CGU has been determined based on the fair value less cost of disposal and value in use calculation of each CGU using the following assumptions for 2025 and 2024:

Period of cash flow projections	5 years (2024: 5 years)
Growth rates beyond 5 – year period extrapolated in the financial budgets approved by management	2% (2024: 2% to 3%)
Pre-tax discount rate	10%-10.50% (2024: 14.00%)

This growth rate is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the respective CGU’s past performance and management’s expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the individual carrying amount of each CGU within Unit A to exceed the individual recoverable amount of each CGU within Unit A. No impairment loss is considered necessary for CGUs with attributed goodwill for the years ended 31st December, 2025 and 2024.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

18. GOODWILL (Continued)

Impairment testing on Unit B

Unit B consists of several CGUs which represent operations of different subsidiaries engaging in the pipeline constructions. For impairment test purpose, management reviews each CGU's recoverable amount and compares with the carrying amount of respective CGU. The aggregate carrying amounts of the CGUs of Unit B comprise goodwill of HK\$71,501,000 (2024: HK\$69,257,000), other intangible assets of HK\$55,013,000 (2024: HK\$56,808,000) and right-of-use assets of HK\$355,000 (2024: HK\$267,000). The recoverable amount of each CGU has been determined based on the fair value less cost of disposal and value in use calculation of each CGU using the following assumptions for 2025 and 2024:

Period of cash flow projections	5 years (2024: 5 years)
Growth rates beyond 5 – year period extrapolated in the financial budgets approved by management	2% (2024: 2%)
Pre-tax discount rate	10%-10.50% (2024: 14.00%)

This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the respective CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the individual carrying amount of each CGU within Unit B to exceed the individual recoverable amount of each CGU within Unit B. At the end of each reporting period, the recoverable amounts of each CGU of Unit B exceeds its carrying amount, therefore, no impairment loss is considered necessary for the years ended 31st December, 2025 and 2024.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

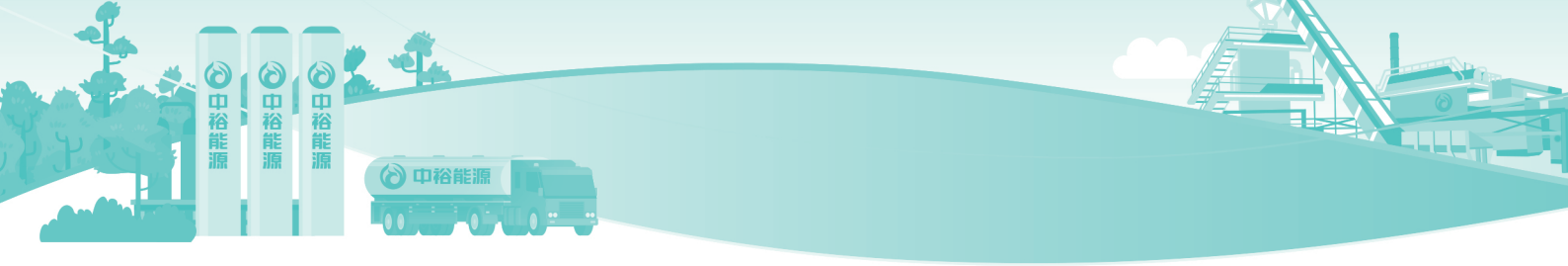
18. GOODWILL (Continued)

Impairment testing on Unit C

Unit C consists of several CGUs which represent the operations of different subsidiaries of Harmony Gas engaging in sales of gas. For impairment test purpose, management reviews each CGU's recoverable amount and compares with the carrying amount of the respective CGU. The aggregate carrying amounts of the CGUs of Unit C comprise goodwill of HK\$90,469,000 (2024: HK\$87,629,000), other intangible assets of HK\$219,306,000 (2024: HK\$233,129,000), property, plant and equipment of HK\$3,512,352,000 (2024: HK\$2,954,972,000) and right-of-use assets of HK\$64,673,000 (2024: HK\$63,084,000). The recoverable amount of each CGU has been determined based on the value in use calculation of each CGU using the following assumptions for 2025 and 2024:

Period of cash flow projections	5 years (2024: 5 years)
Growth rate beyond 5 – year period extrapolated in the financial budgets approved by management	2% (2024: 2%)
Pre-tax discount rate	10.50% (2024: 14.00%)

The growth rate is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the respective CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the individual carrying amount of each CGU within Unit C to exceed the individual recoverable amount of each CGU within Unit C. At the end of each reporting period, the recoverable amount of each CGU of Unit C exceeds its carrying amount and no impairment loss is considered necessary for the years ended 31st December, 2025 and 2024.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

18. GOODWILL (Continued)

Impairment testing on Unit D

Unit D consists of several CGUs which represent the operations of different subsidiaries engaging in design and consulting of energy projects. For impairment test purpose, management reviews each CGU's recoverable amount and compares with the carrying amount of the respective CGU. The aggregate carrying amounts of the CGUs of Unit D comprise goodwill of HK\$13,876,000 (2024: HK\$13,440,000), other intangible assets of HK\$6,400,000 (2024: HK\$8,265,000), and nil of property, plant and equipment (2024: HK\$3,285,000). The recoverable amount of each CGU has been determined based on the value in use calculation of each CGU using the following assumptions for 2025 and 2024:

Period of cash flow projections	5 years (2024: 5 years)
Growth rate beyond 5-year period extrapolated in the financial budgets approved by management	2% (2024: 2%)
Pre-tax discount rate	15.69% (2024: 18.10%)

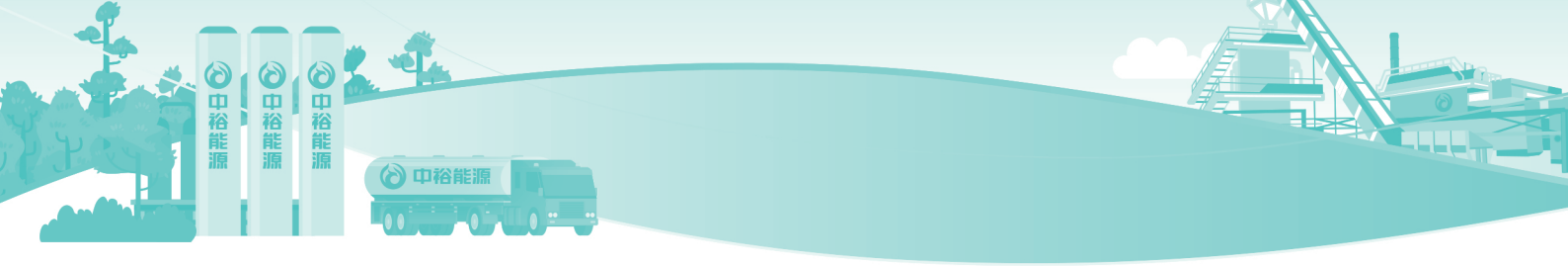
The growth rate is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the respective CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the individual carrying amount of each CGU within Unit D to exceed the individual recoverable amount of each CGU within Unit D. At the end of each reporting period, the recoverable amount of each CGU of Unit D exceeds its carrying amount and no impairment loss is considered necessary for the years ended 31st December, 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

19. OTHER INTANGIBLE ASSETS

	Exclusive rights of operation HK\$'000	Other operating rights HK\$'000	Technology know-how HK\$'000	Total HK\$'000
Cost				
At 1st January, 2024	2,146,057	98,034	21,097	2,265,188
Exchange adjustments	(42,805)	(2,016)	(434)	(45,255)
Addition	96	–	–	96
Eliminated on deregistration of a subsidiary	(138,580)	–	–	(138,580)
At 31st December, 2024	1,964,768	96,018	20,663	2,081,449
Exchange adjustments	61,579	3,111	670	65,360
Addition	135	–	–	135
At 31st December, 2025	2,026,482	99,129	21,333	2,146,944
Amortisation and impairment				
At 1st January, 2024	749,044	98,034	10,549	857,627
Exchange adjustments	(15,557)	(2,016)	(244)	(17,817)
Charged for the year	81,609	–	2,093	83,702
Eliminated on deregistration of a subsidiary	(138,580)	–	–	(138,580)
At 31st December, 2024	676,516	96,018	12,398	784,932
Exchange adjustments	22,302	3,111	451	25,864
Charged for the year	81,265	–	2,084	83,349
At 31st December, 2025	780,083	99,129	14,933	894,145
Carrying values				
At 31st December, 2025	1,246,399	–	6,400	1,252,799
At 31st December, 2024	1,288,252	–	8,265	1,296,517



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

19. OTHER INTANGIBLE ASSETS (Continued)

The exclusive rights of operation which represent sales and distribution of piped gas in certain cities in Henan, Shandong, Fujian, Jiangsu, Heilongjiang, Hebei, Zhejiang, Jilin, Anhui, Inner Mongolia and Jiangxi provinces are amortised on a straight-line method over the period of a range of 7 to 34 years (2024: 7 to 34 years), representing the remaining finite useful life period being granted for exclusive operations in the relevant cities.

Due to the redevelopment in Jingqiao Town, Nanjing City in Jiangsu, such town is no longer an industrial zone. Expected future cash flow generated by industrial customers could not be realised. A subsidiary, 南京晶橋中裕燃氣有限公司 (“南京晶橋”) located in Jingqiao Town suffered loss for year ended 31st December, 2020. Management considers there is an impairment indicator to the exclusive right of operation possessed by 南京晶橋, in which the Group previously acquired such asset through acquisition of 南京晶橋. During the year ended 31st December, 2020, the management performed an assessment of recoverable amount of 南京晶橋 based on the value in use calculation, and the exclusive right of operation had been fully impaired. During the year ended 31st December, 2024, 南京晶橋 had been deregistered. Accordingly, the management had written off the cost and impairment loss of HK\$138,580,000 regarding to the exclusive right of operation possessed by 南京晶橋.

Other operating rights represent the licences possessed by the Group’s subsidiaries, 濟源中裕壓縮氣有限公司, 漯河中裕壓縮氣有限公司 and 三門峽中裕能源有限公司 to operate eight CNG vehicle filling stations in Jiyuan City, Luohe City and Sanmenxia City and are amortised on a straight-line method over a period of 30 years, which is the period of the licenses being granted for operating CNG vehicle filling stations. As at 31st December, 2025 and 31st December, 2024, other operating rights are fully amortised, but certain of them are still in use.

Technology know-how represents the technology developed for design and consulting of energy projects which arose upon acquisition of 北京恩耐特分佈能源技術有限公司 and its subsidiaries during the year ended 31st December, 2018. Technology know-how is amortised on a straight-line method over a period of 10 years.

The Group tests intangible assets if there are indications that intangible assets might be impaired.

The carrying amounts of intangible assets related to the respective units are as follows:

	2025 HK\$'000	2024 HK\$'000
Unit A	972,080	998,315
Unit B	55,013	56,808
Unit C	219,306	233,129
Unit D	6,400	8,265
	1,252,799	1,296,517

Impairment assessments of CGUs within Unit A, B, C and D are set out in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

20. LONG-TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

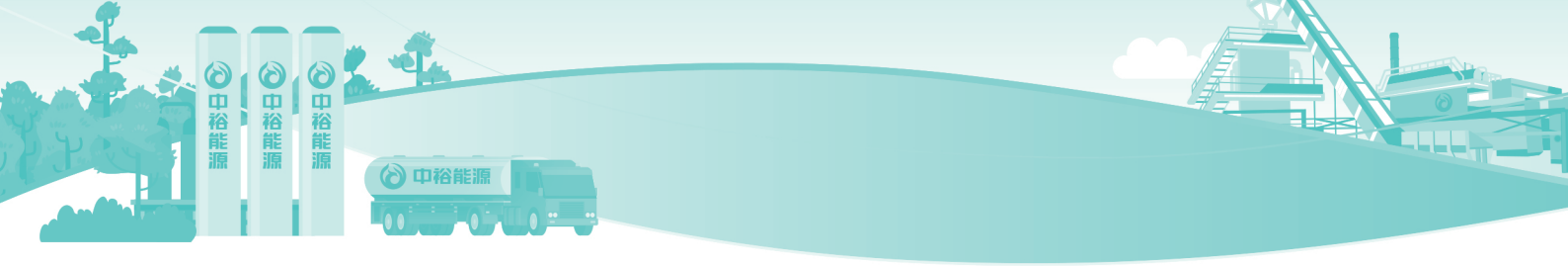
	2025 HK\$'000	2024 HK\$'000
Deposits paid for acquisition of property, plant and equipment	338,241	383,383
Deposits paid for leasehold lands	10,662	53,439
Loans to employees	668,048	666,862
Other long-term deposits	28,492	27,597
	1,045,443	1,131,281

Deposits paid for acquisition of property, plant and equipment

As at 31st December, 2025, deposits of RMB216,015,000 (equivalent to HK\$241,357,000) (2024: RMB199,296,000 (equivalent to HK\$215,688,000)) were paid to a supplier for acquisition of construction materials mainly for construction of the Group's pipelines.

Loans to employees

At 31st December, 2025, included in the Group's other receivables balances are loans to employees with aggregate carrying amount of HK\$668,048,000 (2024: HK\$666,862,000) which are for the purpose of enabling the PRC employees to exercise their share options granted by the Company. The loans are interest bearing at 4% per annum, repayable within three years and secured by the shares held as collateral by the Group and guaranteed by an executive director of the Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

21. INTERESTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Cost of unlisted investments in associates	573,688	573,688
Share of post-acquisition results, net of dividends received	287,549	270,626
Exchange adjustments	(38,912)	(64,574)
	822,325	779,740

Details of the Group's associates as at 31st December, 2025 and 2024 are as follows:

Name of companies	Place of establishment	Form of business structure	Proportion of nominal value of registered capital held by the Group		Principal activities
			2025	2024	
Beijing Zhongran Xiangke Oil and Gas Technology Co., Ltd. ("Zhongran Xiangke")	PRC	Sino-foreign joint venture	40%	40%	Sales of natural gas and gas pipeline construction
Yunnan Yuntou Zhongyu Energy Co., Ltd. ("Yunnan Yuntou")	PRC	Limited liability company	39%	39%	Sales of natural gas and gas pipeline construction
Chongqing Zhongran New Energy Co., Ltd.	PRC	Limited liability company	20%	20%	Design and consulting of energy projects
Henan Xiniao Zhongyu Gas Co., Ltd. ("Henan Xiniao Zhongyu")	PRC	Limited liability company	35%	35%	Sales of natural gas and other energies
Luohe Petroleum Kunlun Fuel Co. Ltd.	PRC	Limited liability company	40%	40%	Sales of natural gas (note)

Note: On 1st August, 2024, the Group acquired 40% of the registered share capital of Luohe Petroleum Kunlun Fuel Co. Ltd for a consideration of RMB10,547,000 (equivalent to HK\$11,547,000) from an independent third party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

21. INTERESTS IN ASSOCIATES (Continued)

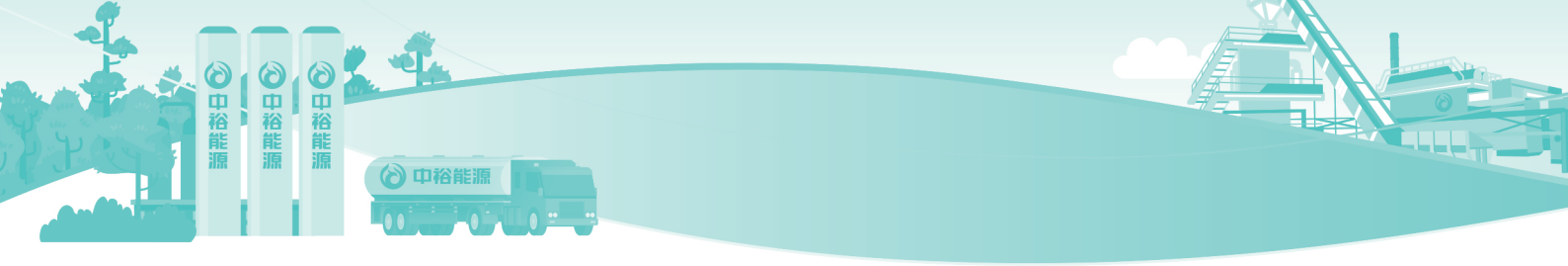
Summarised financial information of major associates

Summarised financial information in respect of the Group's major associates is set out below. The summarised financial information below represents amounts shown in the associates' management accounts which are prepared in accordance with HKFRS Accounting Standards. All of these associates are accounted for using the equity method in the Group's consolidated financial statements.

Zhongran Xiangke

Zhongran Xiangke and its subsidiaries (collectively "Zhongran Xiangke Group")

	2025 HK\$'000	2024 HK\$'000
Current assets	1,297,095	1,338,237
Non-current assets	1,227,652	1,179,689
Current liabilities	(770,807)	(923,845)
Non-current liabilities	(122,734)	(85,011)
Net assets	1,631,206	1,509,070
Equity attributable to owners of Zhongran Xiangke Group	1,178,825	1,093,050
Non-controlling interests	452,381	416,020
	1,631,206	1,509,070
Revenue	1,338,165	1,648,628
Profit for the year	71,584	75,242
Profit for the year attributable to:		
Owners of Zhongran Xiangke Group	49,203	54,450
Non-controlling interests	22,381	20,792
	71,584	75,242
Exchange difference arising from translation to presentation currency	50,552	18,702



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

21. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of major associates (Continued)

Zhongran Xiangke (Continued)

Zhongran Xiangke and its subsidiaries (collectively "Zhongran Xiangke Group") (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhongran Xiangke Group recognised in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Equity attributable to owners of Zhongran Xiangke Group	1,178,825	1,093,050
Proportion of the Group's ownership interest in Zhongran Xiangke Group at 40%	471,530	437,220
Carrying amount of the Group's interest in Zhongran Xiangke Group	471,530	437,220

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

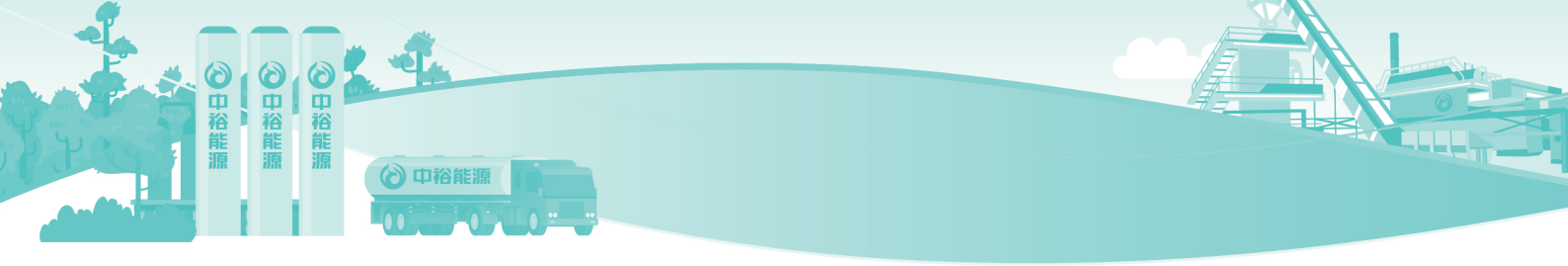
21. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of major associates (Continued)

Yunnan Yuntou

Yunnan Yuntou and its subsidiaries (collectively "Yunnan Yuntou Group")

	2025 HK\$'000	2024 HK\$'000
Current assets	561,361	473,886
Non-current assets	910,653	923,342
Current liabilities	(726,557)	(635,184)
Non-current liabilities	(440,620)	(458,064)
Net assets	304,837	303,980
Equity attributable to owners of Yunnan Yuntou Group	285,674	287,264
Non-controlling interests	19,163	16,716
	304,837	303,980
Revenue	502,920	421,559
Profit (loss) for the year	73	(42,053)
Profit (loss) for the year attributable to:		
Owners of Yunnan Yuntou Group	(10,648)	(37,223)
Non-controlling interests	10,721	(4,830)
	73	(42,053)
Exchange difference arising from translation to presentation currency	784	(1,727)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

21. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of major associates (Continued)

Yunnan Yuntou (Continued)

Yunnan Yuntou and its subsidiaries (collectively "Yunnan Yuntou Group") (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Yunnan Yuntou Group recognised in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Equity attributable to owners of Yunnan Yuntou Group	285,674	287,264
Proportion of the Group's ownership interest in Yunnan Yuntou Group at 39%	111,413	112,033
Carrying amount of the Group's interest in Yunnan Yuntou Group	111,413	112,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

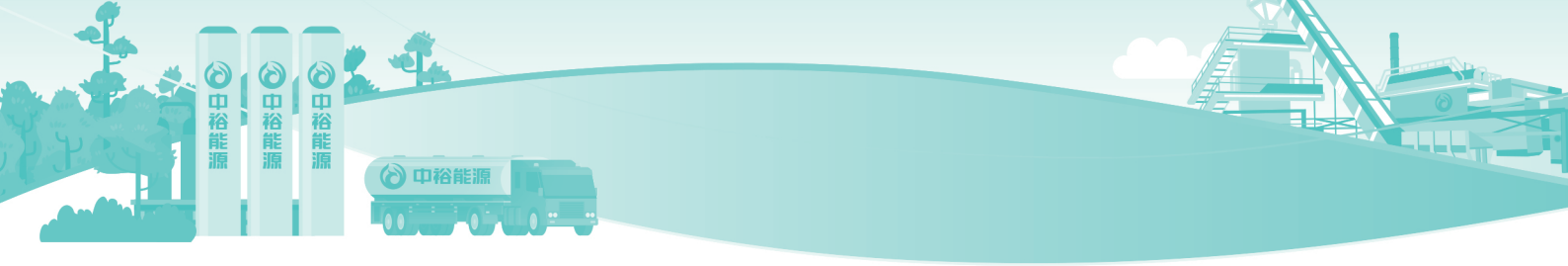
For the year ended 31st December, 2025

21. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of major associates (Continued)

Henan Xiniao Zhongyu

	2025 HK\$'000	2024 HK\$'000
Current assets	54,152	43,241
Non-current assets	401,274	399,707
Current liabilities	(6,828)	(8,292)
Non-current liabilities	–	(4,086)
Net assets	448,598	430,570
Equity attributable to owners of Henan Xiniao Zhongyu	448,598	430,570
Revenue	36,214	169,387
Profit for the year	3,984	8,506
Exchange difference arising from translation to presentation currency	14,044	(8,974)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

21. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of major associates (Continued)

Henan Xinao Zhongyu (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Henan Xinao Zhongyu recognised in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Equity attributable to owners of Henan Xinao Zhongyu	448,598	430,570
Proportion of the Group's ownership interest in Henan Xinao Zhongyu at 35%	156,243	149,957
Goodwill	69,121	66,951
	225,364	216,908
Carrying amount of the Group's interest in Henan Xinao Zhongyu	225,364	216,908

22. INTERESTS IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Cost of unlisted investments in joint ventures	20,244	20,244
Share of post-acquisition results	(8,740)	(7,150)
Exchange adjustments	(35)	(408)
	11,469	12,686

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

22. INTERESTS IN JOINT VENTURES (Continued)

Details of the Group's joint ventures as at 31st December, 2025 and 2024 are as follows:

Name of Companies	Place of establishment	Form of business structure	Proportion of nominal value of registered capital held by the Group		Principal activities
			2025	2024	
故城華洋管道設備安裝有限公司	PRC	Limited liability company	50%	50%	Gas pipeline construction
河南中豫新創產業投資管理有限公司	PRC	Limited liability company	30%	30%	Not yet commenced business

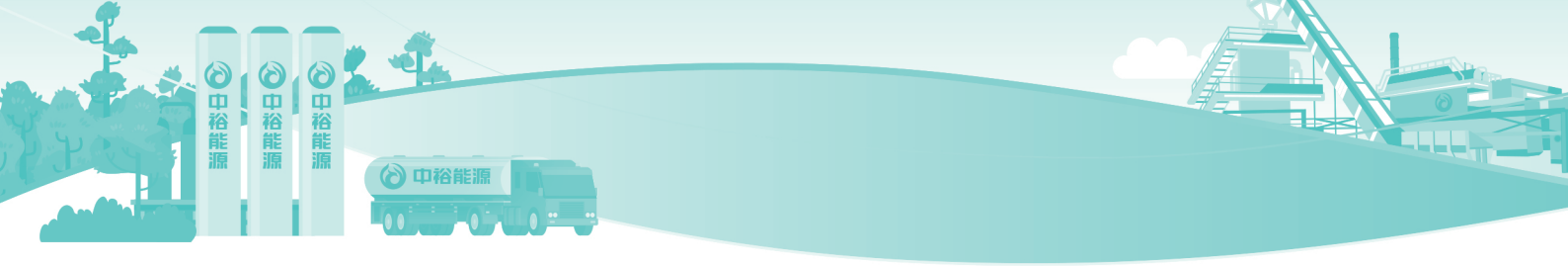
As all the relevant activities of the above entities require unanimous consent from all joint venture parties, it is accounted for as joint ventures by the Group.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
Unlisted equity investments (note)	75,196	73,918
Unlisted fund investment	–	38,855
Other investments	2,720	2,720
	77,916	115,493

Note:

The above unlisted equity investments represent the Group's equity interests in certain private entities established in the PRC. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that these investments are not held for trading and not expected to be sold in the foreseeable future.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

24. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Construction materials	308,409	452,749
Finished goods	66,904	74,235
	375,313	526,984

25. PROPERTIES UNDER DEVELOPMENT FOR SALE

	HK\$'000
Cost	
At 1st January, 2024	289,675
Additions	35,388
Exchange adjustments	(6,416)
At 31st December, 2024	318,647
Additions	7,158
Decrease due to sales	(105,238)
Exchange adjustment	6,952
At 31st December, 2025	227,519
Properties under development for sales of which:	
– expected to be realised over 12 months	227,519

The properties under development for sale of the Group are situated in the PRC. The carrying value of the leasehold lands held for property development for sale was HK\$64,971,000 as at 31st December, 2025 (2024: HK\$82,460,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

26. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Other than certain major customers with good repayment history which the Group allows a long credit period, the Group allows an average credit period of 30 to 180 days (2024: 30 to 180 days) to its trade customers. The following is an aged analysis of trade receivables from contracts with customers net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates for sales of gas and the respective construction contracts completion dates, as appropriate:

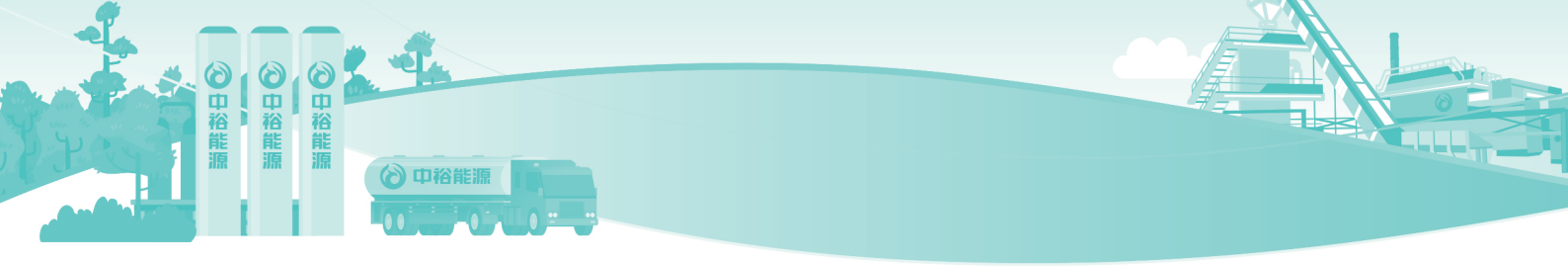
	2025 HK\$'000	2024 HK\$'000
0 – 30 days	390,060	549,951
31 – 90 days	104,464	88,705
91 – 180 days	57,726	128,889
181 – 360 days	95,247	271,130
Over 360 days	1,032,015	694,172
Trade receivables	1,679,512	1,732,847

As at 31st December, 2025, total bills received amounting to HK\$154,323,000 (2024: HK\$144,889,000) are held by the Group for future settlement of trade receivables. All bills received by the Group are with a maturity period of less than one year.

The amounts due from certain PRC local governments for the “Coal-to-gas” projects under the “gas pipeline construction” segment is included in the carrying amount of trade receivables.

As at 31st December, 2025, deposits, prepayments and other receivables included advances to suppliers of natural gas and construction materials for customers’ gas pipeline construction amounting to HK\$654,602,000 (2024: HK\$1,048,301,000).

Details of impairment assessment of trade receivables, deposits and other receivables are set out in note 42.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

27. AMOUNTS DUE FROM/(TO) A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

As at 31st December, 2025, the amount due from a non-controlling shareholder of a subsidiary of the Group of RMB7,500,000 (equivalent to HK\$8,380,000) (2024: RMB7,500,000 (equivalent to HK\$8,117,000)) is secured by its equity interest of that subsidiary, interest bearing at 7.8% (2024: 7.8%) per annum and repayable within one year (2024: one year).

As at 31st December, 2025, the amount due to a non-controlling shareholder of a subsidiary represented consideration payable to a non-controlling shareholder of a subsidiary of the Group for acquisition of additional interest in a subsidiary amounting to RMB1,100,000 (equivalent to HK\$1,229,000) (2024: RMB1,100,000 (equivalent to HK\$1,190,000)) is unsecured, non-interest bearing and repayable on demand.

28. CONTRACT ASSETS/LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Contract assets – current		
Construction contracts in gas pipeline construction	593,603	624,511
Contract liabilities – current		
Construction contracts in gas pipeline construction	311,771	467,127
Purchase of natural gas	685,235	854,881
	997,006	1,322,008

At as 1st January, 2024, contract assets and contract liabilities amounting to HK\$395,476,000 and HK\$1,621,314,000, respectively.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

28. CONTRACT ASSETS/LIABILITIES (Continued)

Typical payment terms which impact on the amount of contract assets and contract liabilities recognised are as follows:

Construction contracts in respect of gas pipeline construction

The contract assets primarily relate to the Group's right to consideration for work completed because the rights are conditioned on the Group's future performance in achieving specified milestones at the reporting date on contract work. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

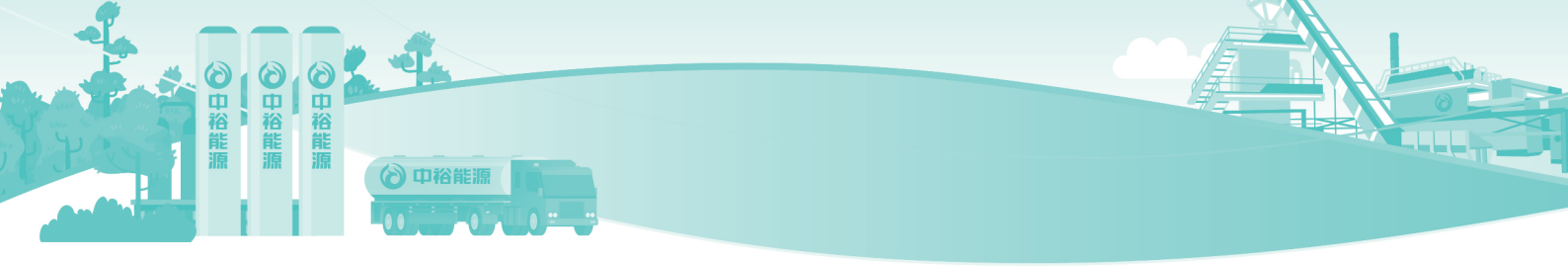
The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

The Group's revenue from construction contracts is measured by input method. The Group requires certain customers to provide upfront deposits before the commencement of the construction work as part of its credit risk management policies.

When the Group receives a deposit before the construction activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

Purchase of natural gas

The Group would require advance payment before the usage of the natural gas for certain customers, any shortage against the periodically actual charge for the actual usage of natural gas will be billed by the Group accordingly. These customers are required to top up the advance payment for future usage of natural gas to be supplied by the Group. The Group requires advance payment before the usage of the natural gas through the prepaid card for certain household users. The charge of the actual usage of natural gas will be deducted directly to the balance of the prepaid card. These customers can only consume the natural gas up to the balance of the prepaid card. This will give rise to contract liabilities until the revenue recognised on the relevant contract exceeds the amount of advance payment.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

28. CONTRACT ASSETS/LIABILITIES (Continued)

Purchase of natural gas (Continued)

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	2025		2024	
	Construction contracts HK\$'000	Purchase of natural gas HK\$'000	Construction contracts HK\$'000	Purchase of natural gas HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	467,127	854,881	649,704	971,610

Details of the impairment assessment of contract assets are set out in note 42.

29. BANK BALANCES AND CASH

	2025 HK\$'000	2024 HK\$'000
Bank balances and cash	1,082,832	1,650,857
Less: Restricted deposits (note)	(148,110)	–
Cash and cash equivalents	934,722	1,650,857

Note:

Restricted deposits mainly represent restricted cash placed with banks to secure bank loans and issue performance guarantees. In addition, the Group has restricted cash placed with banks to secure the mortgage guarantees it has provided to property purchasers, which will be released when these purchasers obtain the individual property ownership certificate.

Cash and cash equivalents include cash held by the Group and short-term bank deposits with an original maturity of three months or less and bank balances carry interest at market rates which ranged from 0.01% to 0.3% (2024: 0.01% to 3.94%) per annum as at 31st December, 2025. At 31st December, 2025, the bank balances and cash consisted of HK\$1,035,739,000 (2024: HK\$1,495,088,000) are denominated in RMB.

As at 31st December, 2025, the bank balances and cash consisted of HK\$4,982,000 and HK\$42,111,000 (2024: HK\$90,535,000 and HK\$65,234,000) are denominated in US\$ and HK\$ respectively, which are foreign currencies of the respective group entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

30. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES AND DEFERRED INCOME AND ADVANCE RECEIVED

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
0 – 30 days	178,667	594,477
31 – 90 days	124,794	151,923
91 – 180 days	180,121	108,586
Over 180 days	480,137	692,389
Trade payables	963,719	1,547,375

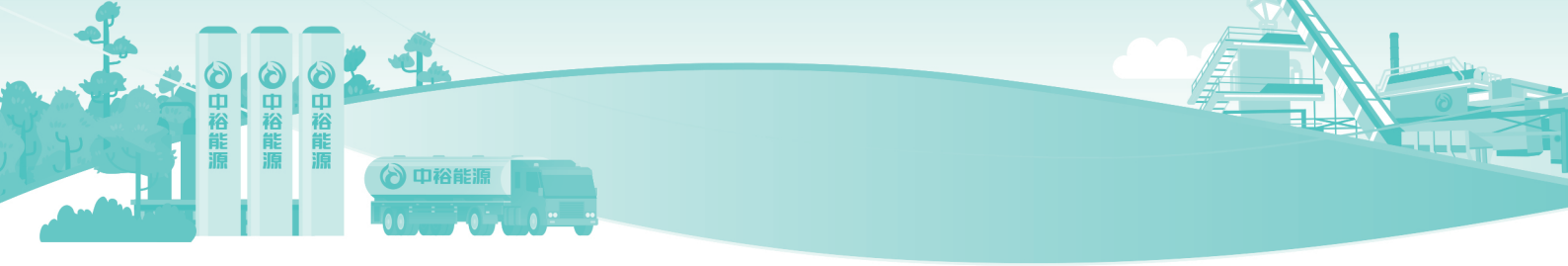
The average credit period on purchase of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

As at 31st December, 2025, deferred income and advance received classified as non-current liabilities are government grants of HK\$3,430,000 (2024: HK\$3,876,000) received by the Group, and will be released to profit or loss when the related costs (for which the grants are intended to compensate) are recognised in profit or loss. Due to redevelopment of Jiaozuo City, Jiaozuo government subsidised the Group for enhancement and relocation of certain pipelines in Jiaozuo City.

As at 31st December, 2025, included in other payables and accrued charges are (i) refundable security deposits received from customers in relation to gas supply of HK\$148,551,000 (2024: HK\$96,143,000); (ii) accrued expenses of HK\$46,474,000 (2024: HK\$59,973,000); (iii) consideration payable for the acquisition of subsidiaries of RMB27,988,000, equivalent to HK\$31,272,000 (2024: RMB27,988,000, equivalent to HK\$30,290,000); and (iv) consideration payable for the acquisition of assets and liabilities through acquisition of subsidiaries of RMB28,350,000, equivalent to HK\$31,676,000 (2024: RMB28,350,000, equivalent to HK\$30,682,000).

31. AMOUNT DUE TO AN ASSOCIATE

As at 31st December, 2025, the amount due to an associate amounting to RMB894,000 (equivalent to HK\$999,000) (2024: RMB894,000 (equivalent to HK\$968,000)) is unsecured, non-interest bearing and repayable on demand.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

32. BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Secured bank borrowings	3,059,782	2,079,995
Unsecured bank borrowings	10,128,087	10,810,803
Unsecured other borrowings	7,821	8,874
	13,195,690	12,899,672
Carrying amounts of the above bank borrowings are repayable*:		
Within 1 year	7,808,992	5,874,949
After 1 year but within 2 years	3,650,285	3,779,623
After 2 years but within 5 years	1,583,782	3,106,336
After 5 years	40,319	28,679
	13,083,378	12,789,587
Carrying amounts of above bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	104,491	101,211
	104,491	101,211
Carrying amounts of the above other borrowings are repayable*:		
Within 1 year	1,341	1,299
After 1 year but within 2 years	1,341	1,299
After 2 years but within 5 years	5,139	3,896
After 5 years	-	2,380
	7,821	8,874
Less: Amounts due within one year shown under current liabilities	(7,914,824)	(5,977,459)
Amounts shown under non-current liabilities	5,280,866	6,922,213

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

32. BORROWINGS (Continued)

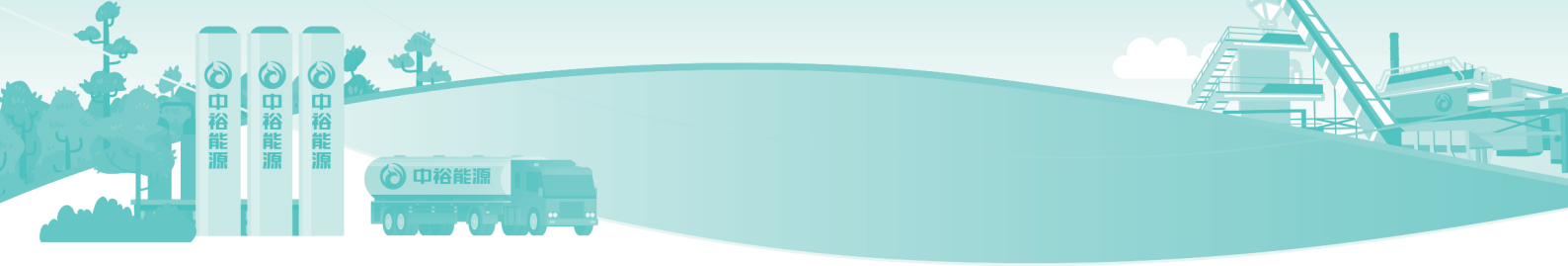
The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2025	2024
Effective interest rate:		
Fixed-rate borrowings	2.65% – 4.50%	3.05% – 4.79%
Variable-rate borrowings	2.65% – 5.76%	3.10% – 7.66%

The Group's certain variable-rate borrowings bear interest at a range of People's Bank of China ("PBOC") Prescribed Interest Rate plus -0.35% to 1.05% (2024: 0.4% to 1.1%) per annum, Hong Kong Interbank Offered Rate ("HIBOR") plus a premium of 0.8% to 1.9% (2024: 1.3% to 2.1%) per annum, Secured Overnight Financing Rate ("SOFR") plus a premium of 1.8% (2024: 1.7% to 1.8%) per annum, CNH Hong Kong Interbank Offered Rate ("CNH HIBOR") plus a premium of 0.8% to 1.34% (2024:nil) per annum, and Loan Prime Rate ("LPR") plus premium per annum is charged on remaining outstanding variable-rate loan balances.

As at 31st December, 2025, the Group's borrowings of HK\$4,709,235,000 (2024: HK\$5,404,356,000) are subject to compliance with certain financial and/or non-financial covenants within 12 months from the reporting date, of which HK\$1,452,455,000 (2024: HK\$3,759,123,000) were classified as non-current. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the related bank loans and borrowings would become payable on demand. The Group regularly monitors its compliance with these covenants. The Group has complied with these covenants throughout the reporting period.

As at 31st December, 2025, the bank borrowing balances consisted of HK\$948,887,000 (2024: HK\$1,270,364,000) and HK\$1,464,179,000 (2024: HK\$2,889,932,000) are denominated in US\$ and HK\$ respectively, which are foreign currencies of the respective group entities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

33. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within 1 year	7,897	6,558
After 1 year but within 2 years	6,557	6,314
After 2 years but within 5 years	6,071	6,536
After 5 years	5,223	5,196
	25,748	24,604
Less: amount due for settlement with 12 months shown under current liabilities	(7,897)	(6,558)
Amount due for settlement after 12 months shown under non-current liabilities	17,851	18,046

Lease obligations that are denominated in currency other than the functional currencies of the relevant group entities are set out below:

	HK\$'000
As at 31st December, 2025	3,060
As at 31st December, 2024	5,913

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

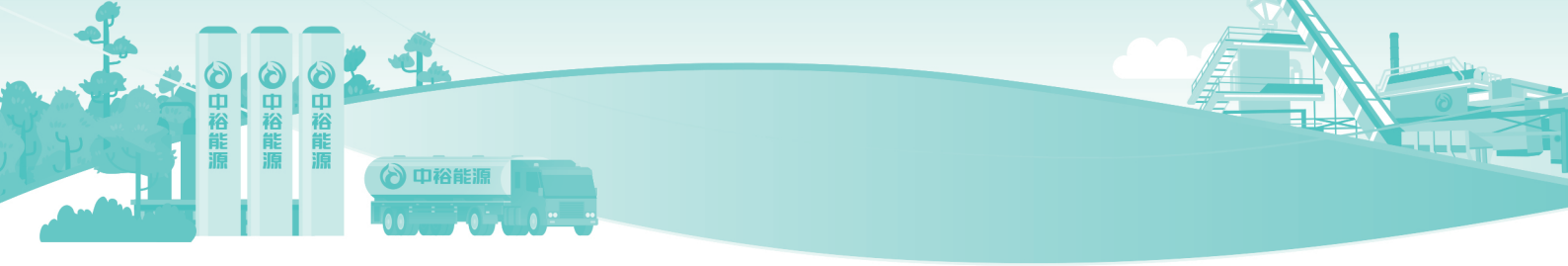
34. SHARE CAPITAL

	Notes	Number of shares		Amount	
		2025 '000	2024 '000	2025 HK\$'000	2024 HK\$'000
Authorised:					
Ordinary shares at HK\$0.01 each		10,000,000	10,000,000	100,000	100,000
Issued and fully paid:					
At the beginning of the year		2,777,696	2,794,200	27,777	27,942
Repurchase of shares	(i)	(29,390)	(16,504)	(294)	(165)
At the end of the year	(ii)	2,748,306	2,777,696	27,483	27,777

Notes:

- (i) During the years ended 31st December, 2025 and 2024, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of HK\$0.01 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
<i>Year ended 31st December, 2025</i>				
January 2025	5,900,000	4.56	4.33	26,326
March 2025	1,500,000	4.29	4.14	6,364
April 2025	19,990,000	4.46	3.95	84,791
May 2025	2,000,000	4.34	4.28	8,623
	29,390,000			126,104



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

34. SHARE CAPITAL (Continued)

Notes: (Continued)

- (i) During the years ended 31st December, 2025 and 2024, the Company repurchased its own shares through the Stock Exchange as follows: (Continued)

Month of repurchase	Number of ordinary shares of HK\$0.01 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
<i>Year ended 31st December, 2024</i>				
April 2024	9,300,000	5.00	4.85	45,945
December 2024	7,204,000	4.75	4.48	33,187
	16,504,000			79,132

- (ii) As at 31st December, 2025, the Company had no shares (2024: 7,204,000 shares) that were repurchased but not yet been cancelled. The total number of issued shares of the Company was 2,748,305,157 (2024: 2,784,899,157).

During the year ended 31st December, 2025, the Company repurchased a total of 29,390,000 ordinary shares (2024: 16,504,000) and total of 36,594,000 ordinary shares (2024: 9,300,000) were cancelled. The respective issued share capital of the Company was reduced by the nominal value of the repurchased shares. The premium payable on repurchase of the shares of HK\$126,264,000 (2024: HK\$79,251,000) was charged to the share premium account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

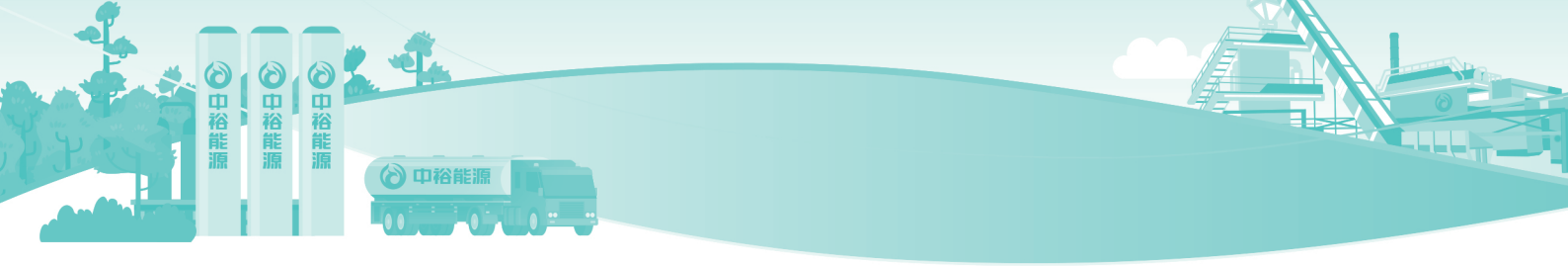
35. DEFERRED TAXATION

The following is the deferred tax liabilities recognised and movements thereon during the current and prior years.

	Revaluation of investment properties and pipelines HK\$'000	Other intangible assets HK\$'000	Undistributed profits of subsidiaries HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1st January, 2024	610,589	262,292	1,317	472,046	1,346,244
Exchange adjustments	(12,221)	(5,137)	(27)	(9,541)	(26,926)
Credit to profit or loss (note 10)	(25,781)	(19,720)	–	(7,805)	(53,306)
Credit to property revaluation reserve	(44,188)	–	–	–	(44,188)
At 31st December, 2024	528,399	237,435	1,290	454,700	1,221,824
Exchange adjustments	16,605	7,233	42	14,423	38,303
Credit to profit or loss (note 10)	(21,999)	(19,637)	–	(9,928)	(51,564)
Charge to property revaluation reserve	(90,611)	–	–	–	(90,611)
At 31st December, 2025	432,394	225,031	1,332	459,195	1,117,952

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1st January, 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to undistributed profits amounting to HK\$4,062,577,000 (2024: HK\$4,535,614,000) of certain PRC subsidiaries in relation to owners of the Company. The Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31st December, 2025, the Group had unused estimated tax losses of HK\$84,297,000 (2024: HK\$42,957,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unrecognised estimated tax losses due to unpredictability of future profit stream. Included in unrecognised tax losses are losses of PRC subsidiaries of HK\$42,830,000 (2024: HK\$31,935,000) that will expire in various dates up to 2030 (2024: 2029), other losses may be carried forward indefinitely.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

36. SHARE-BASED PAYMENT TRANSACTIONS

Share option schemes

Pursuant to an ordinary resolution passed on 24th October, 2003, the Company adopted a share option scheme ("First Share Option Scheme") pursuant to which the Directors were authorised to grant share option to its employees (including executive directors and employees of any of its subsidiaries) or any person who has contributed or will contribute to the Group. The First Share Option Scheme was terminated and replaced by a new share option scheme ("Second Share Option Scheme") on 3rd May, 2013 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 3rd May, 2013.

Outstanding options under the First Share Option Scheme shall continue to be valid and exercisable in accordance with the First Share Option Scheme after its termination.

Under the Second Share Option Scheme, the Directors may offer share options to any directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the board of directors of the Company considers, in its sole discretion, have contributed or will contribute to the Group, to subscribe for shares in the Company in accordance with the terms of the Second Share Option Scheme. Such scheme was terminated and replaced by another new share option scheme ("Third Share Option Scheme") on 2nd June, 2023 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 2nd June, 2023.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the Second Share Option Scheme shall not, in the absence of shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of shares in issue on the adoption date (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Second Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may renew the Scheme Mandate Limit at any time subject to prior shareholders' approval but in any event, the total number of shares which may be issued upon exercise of all share options to be granted under the Third Share Option Scheme under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders' approval of the renewed limit. Options previously granted under the Third Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

Further, no options will be granted which would result in the maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted but yet to be exercised under the Third Share Option Scheme, the existing options granted under the First and Second Share Option Scheme, in aggregate, 30% of the issued share capital of the Company from time to time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

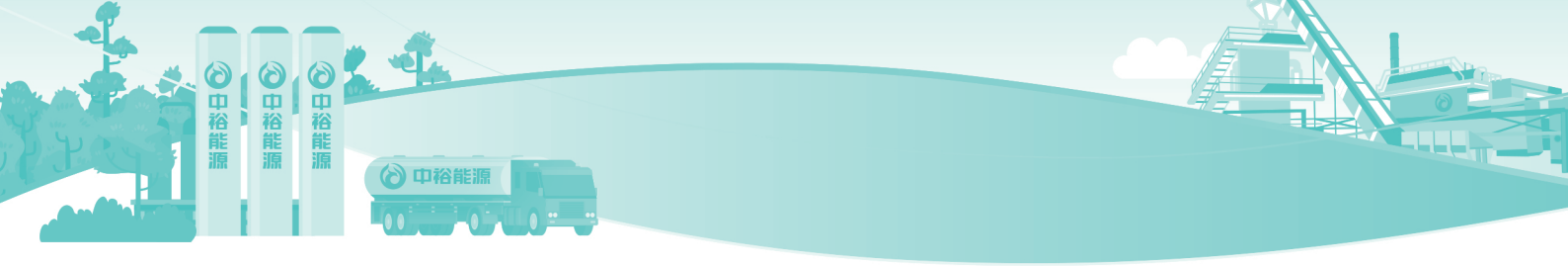
36. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The following table discloses movements of the Company's share options granted under the Second Share Option Scheme and movements in such holdings:

Category of grantee	Exercise price per share HK\$	Date of grant	Exercisable period	Number of share options				
				At 1st January, 2024 and 31st December, 2024	Exercised during the year	Forfeited during the year	Expired during the year	At 31st December, 2025
				Number of share options	Number of share options	Number of share options	Number of share options	Number of share options
Directors (note)	5.468	5th January, 2018	5th January, 2018 to 4th January, 2028	11,566,700	-	-	-	11,566,700
Employees	5.468	5th January, 2018	5th January, 2018 to 4th January, 2028	2,514,500	-	-	-	2,514,500
	5.468	5th January, 2018	17th December, 2019 to 4th January, 2028	1,508,700	-	-	-	1,508,700
				4,023,200	-	-	-	4,023,200
				15,589,900	-	-	-	15,589,900
Exercisable at the end of the year				15,589,900	-	-	-	15,589,900
Weighted average exercise price				HK\$5.468	-	-	-	HK\$5.468

Note:

The amounts included 3,017,400 share options granted to Mr. Lu Zhaoheng, who retired as an executive director of the Company with effect from 2nd June, 2025.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

37. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Undiscounted lease payments receivables on leases over non-cancellable period in respect of rented premises and equipment are as follows:

	2025 HK\$'000	2024 HK\$'000
Within 1 year	1,206	2,150
After 1 year but within 2 years	1,099	1,721
After 2 years but within 5 years	2,028	845
After 5 years	1,449	–
	5,782	4,716

The Group's investment properties with a carrying amount of HK\$5,866,000 (2024: HK\$6,098,000) are held for rental purposes. All of the properties held have committed tenants for the next one to ten years (2024: one to four years).

38. RETIREMENT BENEFITS PLANS

The Group had joined the Mandatory Provident Fund Scheme under the rules and regulations of the Hong Kong Mandatory Provident Fund Schemes Authority. The Group's employees in Hong Kong are required to join the scheme. The Group and each employee employed in Hong Kong are required to make a contribution of 5% on the employees' monthly relevant income with a maximum monthly contribution of HK\$1,500 per person.

The Company's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in various central pension schemes operated by the relevant municipal and provincial governments. These subsidiaries are required to make defined contributions to these schemes at a rate of 16% of their covered payroll. The Group has no other material obligation for the payment of its staff's retirement and other post-retirement benefits other than the contributions described above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

39. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions and balances with related parties

Other than set out in notes 27 and 31, transactions with related parties during the years ended 31st December, 2025 and 2024 are set out below:

	2025 HK\$'000	2024 HK\$'000
<i>Sales of gas to</i>		
Subsidiaries of China Gas Holdings Limited	62,576	48,159
<i>Purchase of gas from</i>		
Subsidiaries of China Gas Holdings Limited	52,874	59,730

(b) Compensation of key management personnel

The Directors considered that they are the only key management personnel of the Group. Their emoluments are set out in note 12.

40. CAPITAL AND OTHER COMMITMENTS

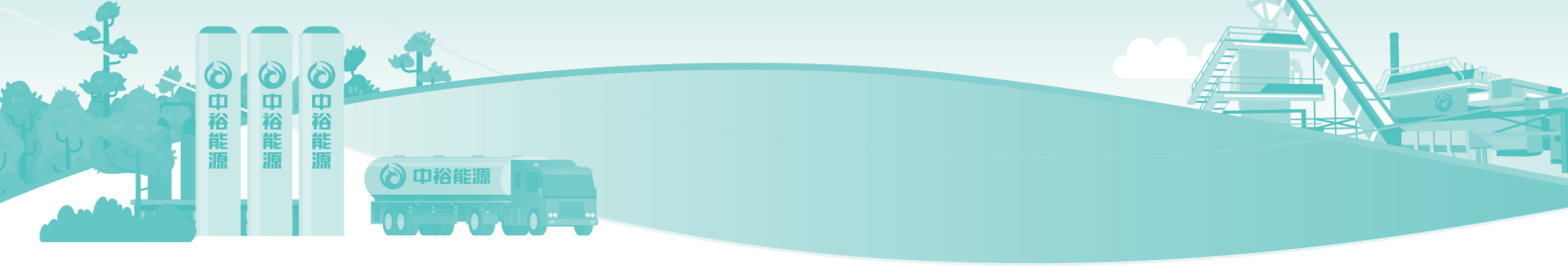
As at 31st December, 2025, the capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements is HK\$91,585,000 (2024: HK\$98,076,000).

41. MAJOR NON-CASH TRANSACTION

During the year ended 31st December, 2025, the Group entered into new lease agreements for the use of leased properties for one year to ten years. On the lease commencement, the Group recognised HK\$7,546,000 of right-of-use assets and HK\$7,546,000 of lease liabilities (2024: HK\$10,971,000 of right-of-use assets and HK\$10,971,000 of lease liabilities).

Part of the declared dividends amounting to HK\$2,133,000 (2024: Nil) had mutually agreed by employees and the Company to off-set with the loans to employees for the year ended 31st December, 2025.

Part of capital injection from a non-controlling shareholder of a subsidiary amounting to RMB400,000 (equivalent to HK\$437,000) (2024: RMB9,100,000 (equivalent to HK\$9,978,000)) had agreed between the subsidiary and non-controlling shareholder of a subsidiary to off-set with other receivables (2024: other payables) for the year ended 31st December, 2025.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings and lease liabilities disclosed in notes 32 and 33, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, accumulated profits and other reserves.

The management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with the capital. The Group will balance its overall capital structure through new share issues, payment of dividends, repurchase of shares and the issue of new debt or the redemption of the existing debt.

Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at FVTOCI	77,916	115,493
Financial assets at amortised cost (including bank balances and cash)	4,054,541	4,634,178
Financial liabilities		
Amortised cost	14,960,919	15,123,819



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, refundable deposits, other receivables, amount due from a non-controlling shareholder of a subsidiary, bank balances and cash, trade payables, other payables, amounts due to a non-controlling shareholder of a subsidiary and an associate, borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

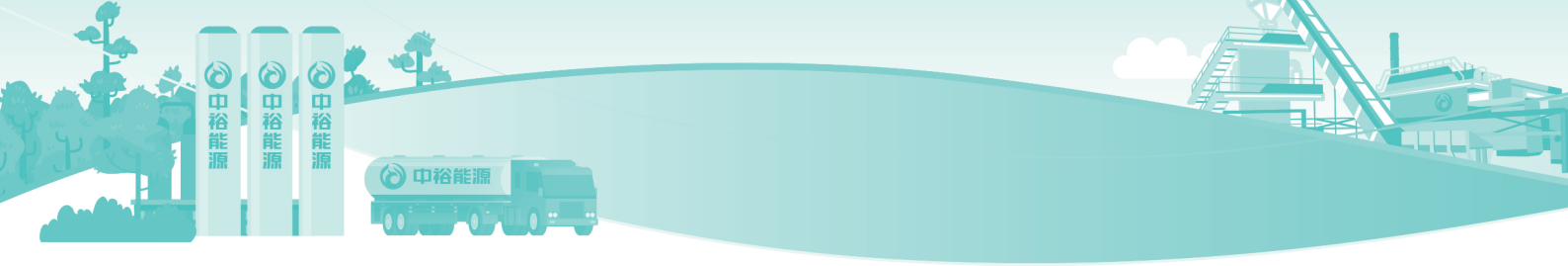
The Group's fair value interest rate risk relates primarily to fixed-rate loans to employees, fixed-rate bank borrowings and fixed-rate lease liabilities. Currently, the Group has not used any derivative contracts to hedge this exposure to interest rate risk. However, management monitors interest rate exposure and will consider hedging significant fixed rate borrowings should the need arise.

The Group's cash flow interest rate risk primarily relates to variable-rate bank balances and variable-rate bank borrowings. The Group has not used any interest rate swaps to mitigate its exposure to cash flow interest rate risk. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated. The interest rates of variable bank borrowings are based on (1) a range of multiples of PBOC Prescribed Interest Rate plus a premium or discount; or (2) interest rate at LPR plus a premium; or (3) interest rate at HIBOR plus a premium; or (4) interest rate at SOFR plus a premium; or (5) interest rate at CNH HIBOR plus a premium.

Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to the variable-rate bank borrowings at the end of the reporting period and management's assessment of the reasonably possible change interest rates. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. If interest rates on bank borrowings had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by HK\$37,938,000 (2024: HK\$38,036,000).

The Directors considered the Group's exposure of the variable-rate bank balances to interest rate risk is not significant and therefore no sensitivity analysis is presented.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency risk

The Group collects most of its revenue in RMB and incurs most of the expenditures as well as capital expenditures in RMB. The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant, except for certain bank balances and bank borrowings which are denominated in US\$ or HK\$, as the majority of the Group's transactions are denominated in the functional currency of the respective group entities. The equivalent amount of HK\$ are set out below:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
US\$	4,982	90,535	948,887	1,270,364
HK\$	42,111	65,234	1,464,179	2,889,932
	47,093	155,769	2,413,066	4,160,296

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Sensitivity analysis

The Group is mainly exposed to the foreign currency risk in HK\$ and US\$.

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in RMB against US\$ or HK\$. 5% (2024: 5%) represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes respective US\$ and HK\$ bank balances and bank borrowings, and adjusts their translation at the year end for a 5% (2024: 5%) change in foreign currency rates. A positive number below indicates increase in post-tax profit where RMB strengthen 5% (2024: 5%) against the relevant currencies. For a 5% (2024: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit.

	2025 HK\$'000	2024 HK\$'000
US\$	35,396	44,244
HK\$	53,328	105,926

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, refundable deposits, other receivables, amount due from a non-controlling shareholder of a subsidiary and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and contract assets, except that the credit risks associated with loans to employees included in long-term other receivables is mitigated because they are secured by the shares held by the employees.

The Group performed impairment assessment for financial assets and contract assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model according to HKFRS 9 on trade receivables and contract assets based on collective assessment except for the debtors with credit-impaired balances which are assessed individually.

Deposits and other receivables and amount due from a non-controlling shareholder of a subsidiary

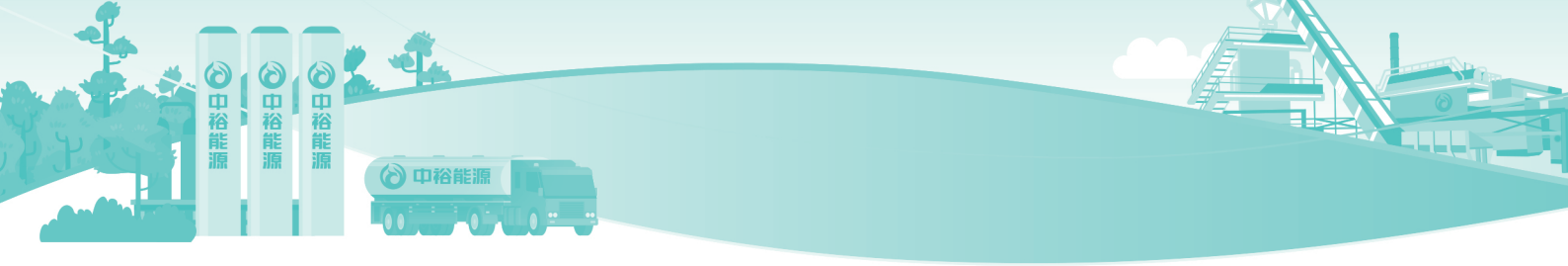
The Group has taken into account the economic outlook of the industries in which the debtors operate, and concluded that there has been no significant increase in credit risk since initial recognition. The ECL on deposits and other receivables and amount due from a non-controlling shareholder of a subsidiary are considered to be insignificant except for other receivables of HK\$46,304,000 (2024: HK\$22,844,000) which are considered as credit-impaired and fully provided.

Considering the decrease of share price held as collateral by the Group, ECL on loans to employees included in long-term other receivables is estimated at the amount of RMB20,000,000 at 31st December 2025 (2024: nil).

Bank balances

The credit risk on liquid funds is limited because the counterparties are reputable banks in the PRC or banks with high credit-ratings assigned by international credit-rating agencies and the Group has limited exposure to any single financial institution.

As at 31st December, 2025, the Group performed impairment assessment on bank balances by reference to the average loss rates for respective credit rating grades published by international credit-rating agencies and concluded that the ECL is insignificant.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

As at 31st December, 2025, other than the concentration of credit risk on the amount due from a non-controlling shareholder of a subsidiary and loans to employees (2024: the amount due from a non-controlling shareholder of a subsidiary and loans to employees), the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/ other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

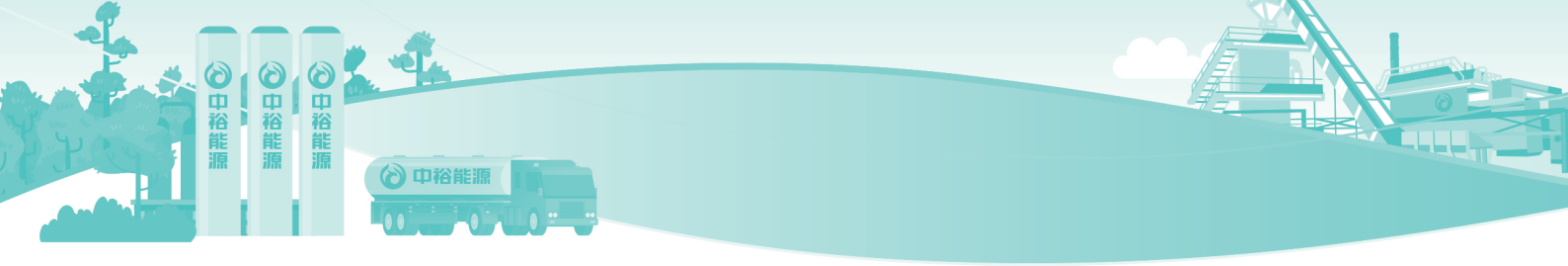
42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
					2025 HK\$'000	2024 HK\$'000
Financial assets at amortised cost						
Other long-term deposits and other receivables	20	N/A	Low risk	Lifetime ECL (not credit-impaired and collective assessed)	696,540	694,459
				Lifetime ECL (credit-impaired)	20,000	–
					716,540	694,459
Trade receivables – contracts with customers	26	N/A	(Note)	Lifetime ECL (not credit-impaired and collective assessment)	1,679,512	1,732,847
				Lifetime ECL (credit-impaired)	117,360	42,772
					1,796,872	1,775,619
Deposits and other receivables	26	N/A	Low risk	12m ECL (not credit-impaired and assessed individually)	587,277	547,898
			Loss	Lifetime ECL (credit-impaired)	46,304	22,844
					633,581	570,742
Amount due from a non-controlling shareholder of a subsidiary	27	N/A	Low risk	12m ECL (not credit-impaired and assessed individually)	8,380	8,117
Bank balances	29	Aa2 to Baa3	Low risk	12m ECL (not credit-impaired and assessed individually)	1,082,182	1,649,235
Other item						
Contract assets	28	N/A	(Note)	Lifetime ECL (not credit-impaired and collective assessment)	593,603	624,511
				Lifetime ECL (credit-impaired)	69,213	59,000
					662,816	683,511



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Note: For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired balances which are assessed individually, the Group determines the ECL on these items grouped by past due status for trade receivables and the status of the relevant projects of the contract assets. When there are indicators that the relevant trade receivables and contract assets may be credit-impaired, the relevant amounts will be assessed for ECL individually.

The Group uses aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The Group used estimated loss rates based on aging for classes with different credit risk characteristics and exposures, and the estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31st December, 2025, the Group recognised impairment loss of HK\$74,588,000 (2024: HK\$6,433,000) on trade receivables, impairment loss of HK\$10,213,000 (2024: HK\$1,506,000) on contract assets, impairment loss of HK\$23,460,000 (2024: HK\$4,071,000) on other receivables and impairment loss of HK\$20,000,000 (2024: nil) on long-term other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for both trade receivables and contract assets under the simplified approach and other receivables.

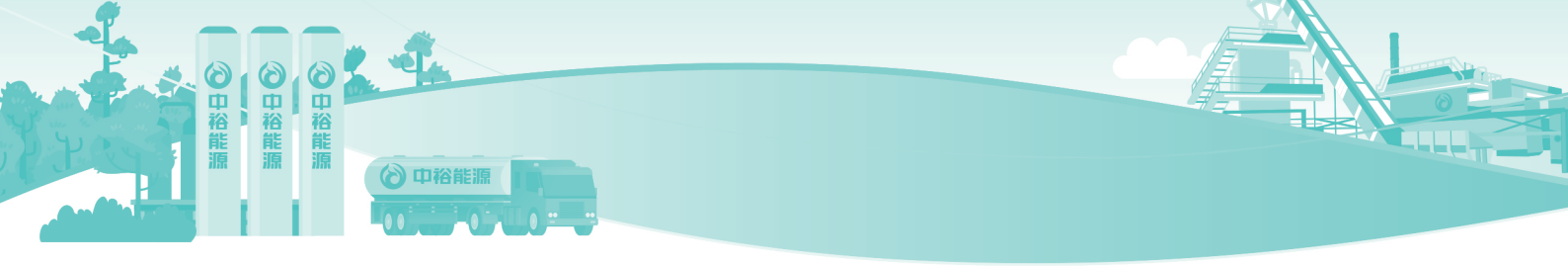
	Trade receivables Lifetime ECL (credit-impaired) HK\$'000	Contract assets Lifetime ECL (credit-impaired) HK\$'000	Other receivables Lifetime ECL (credit-impaired) HK\$'000
As at 1st January, 2024	36,339	57,494	18,773
Net remeasurement of impairment losses allowance	6,433	1,506	4,071
As at 31st December, 2024	42,772	59,000	22,844
Net remeasurement of impairment losses allowance	74,588	10,213	23,460
As at 31st December, 2025	117,360	69,213	46,304

The increase in the loss allowance is mainly due to the significant increase in trade receivables that are past due for over 1 year.

Liquidity risk

As at 31st December, 2025, the Group has net current liabilities of HK\$5,588,901,000. As explained in note 3.1, the Directors have therefore given careful consideration to the future liquidity of the Group when preparing the consolidated financial statements. The Directors believe that the Group will be able to meet in full its financial obligations as and when they fall due for the foreseeable future, taking into account total new bank borrowings amounting to appropriately HK\$4.1 billion obtained in the first quarter of 2026, cash generated from operating activities and expected new banking facilities.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on bank borrowings as significant sources of liquidity. The management monitors the utilisation of bank borrowings and ensures compliance with the relevant covenants.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity based on the agreed repayment terms for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest (estimated based on interest rate at the end of the reporting period) and principal cash flows.

	At 31st December, 2025						
	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount HK\$'000
Trade payables	-	963,719	-	-	-	963,719	963,719
Other payables and accrued charges	-	799,282	-	-	-	799,282	799,282
Amount due to an associate	-	999	-	-	-	999	999
Amount due to a non-controlling shareholder of a subsidiary	-	1,229	-	-	-	1,229	1,229
Borrowings							
– fixed rate	3.63	632,784	1,935,648	579,434	27,905	3,175,771	3,078,920
– variable rate	3.87	680,644	5,023,044	5,152,509	15,614	10,871,811	10,116,770
Lease liabilities	3.45	2,302	6,014	15,042	6,665	30,023	25,748
		3,080,959	6,964,706	5,746,985	50,184	15,842,834	14,986,667

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

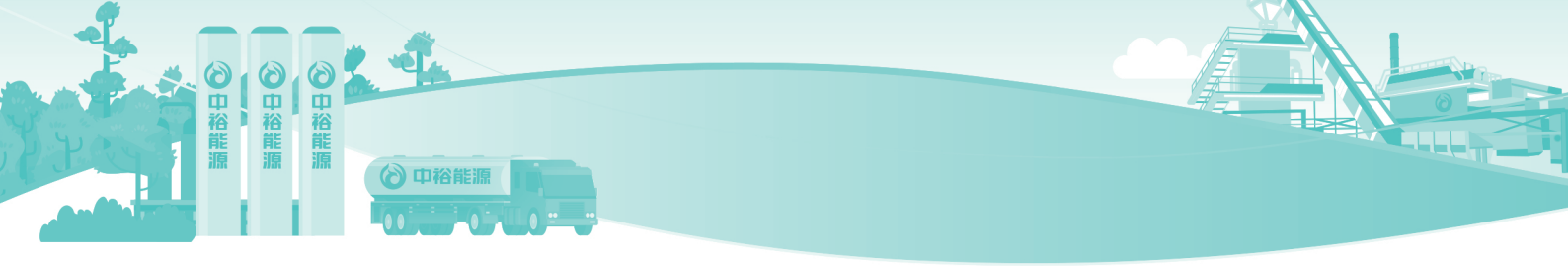
42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	At 31st December, 2024						
	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount HK\$'000
Trade payables	–	1,547,375	–	–	–	1,547,375	1,547,375
Other payables and accrued charges	–	674,614	–	–	–	674,614	674,614
Amount due to an associate	–	968	–	–	–	968	968
Amount due to a non-controlling shareholder of a subsidiary	–	1,190	–	–	–	1,190	1,190
Borrowings							
– fixed rate	3.91	883,612	1,079,651	925,444	37,467	2,926,174	2,756,748
– variable rate	4.92	819,217	3,404,478	6,645,019	2,954	10,871,668	10,142,924
Lease liabilities	5.04	2,013	5,583	15,659	5,815	29,070	24,604
		3,928,989	4,489,712	7,586,122	46,236	16,051,059	15,148,423

Note: The amounts included above for variable interest rate instruments for financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Bank borrowings with a repayment on demand clause are included in the “on demand or less than 3 months” time band in the above maturity analysis. As at 31st December, 2025, the aggregate carrying amounts of these bank loans amounted to HK\$104,491,000 (2024: HK\$101,211,000). Taking into account the Group’s financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis – Bank borrowings with a repayment on demand clause based on scheduled repayments

	Less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount HK\$'000
31st December, 2025	–	106,079	–	106,079	104,491
31st December, 2024	101,579	–	–	101,579	101,211

Fair value

The fair value of financial assets and financial liabilities carried at amortised cost are determined by in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Fair value (Continued)

Fair value measurement recognised in the consolidated statement of financial position

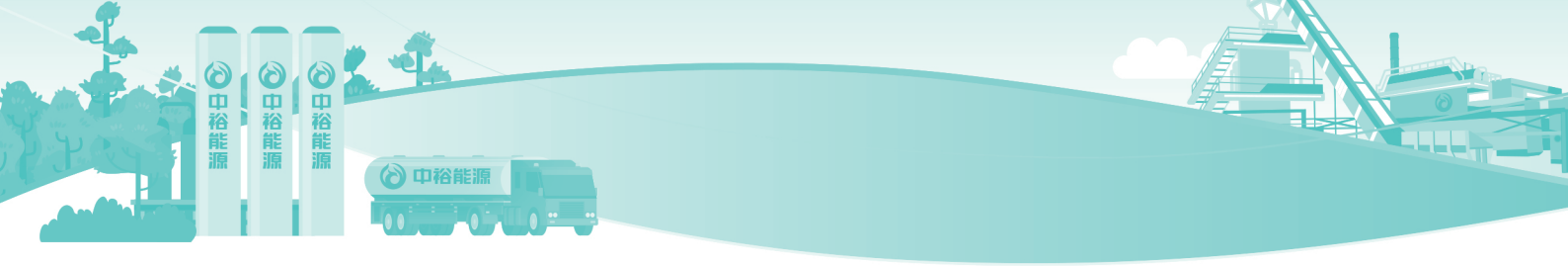
Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	At 31st December, 2025 HK\$'000	At 31st December, 2024 HK\$'000	Fair value hierarchy	Valuation techniques and key inputs
Investments in unlisted fund investments classified as financial assets at FVTOCI	–	38,855	Level 2	Market approach – reference to quoted price provided by financial Institutions.
Investments in unlisted equity investments classified as financial assets at FVTOCI	75,196	73,918	Level 3	Asset – Based approach – reference to fair values of the underlying assets and liabilities held by the investee.

The Directors consider such exposures for fair value changes in financial assets are not significant. Accordingly, no sensitivity analysis is presented.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amount due to an associate HK\$'000 (note 31)	Lease liabilities HK\$'000 (note 33)	Dividend payables HK\$'000	Amounts due to non-controlling interests HK\$'000 (note 27)	Interest payables HK\$'000	Borrowings HK\$'000 (note 32)	Total HK\$'000
At 1st January, 2024	988	20,733	175	1,215	43,871	12,203,693	12,270,675
Financing cash flows	-	(8,117)	-	(35,709)	(724,282)	853,504	85,396
Loan facilities fees paid	-	-	-	-	-	(18,686)	(18,686)
Non-cash movement (note 41)	-	-	-	9,978	-	-	9,978
Acquisition of additional interests of a subsidiary	-	-	-	9,740	-	-	9,740
Dividend declared	-	-	-	27,980	-	-	27,980
Capital contribution from non- controlling interest of subsidiaries	-	-	-	(12,117)	-	-	(12,117)
Recognition of lease liabilities	-	10,971	-	-	-	-	10,971
Exchange adjustments – profit or loss	-	-	-	-	(707)	-	(707)
Exchange adjustments – other comprehensive income	(20)	(402)	-	103	-	(204,356)	(204,675)
Finance costs	-	1,419	-	-	706,042	65,517	772,978
At 31st December, 2024	988	24,604	175	1,190	24,924	12,899,672	12,951,533
Financing cash flows	-	(7,937)	(52,793)	(17,269)	(557,264)	(18,998)	(654,261)
Loan facilities fees paid	-	-	-	-	-	(5,587)	(5,587)
Non-cash movement (note 41)	-	-	(2,133)	437	-	-	(1,696)
Dividend declared	-	-	54,966	17,487	-	-	72,453
Capital contribution from non- controlling interest of subsidiaries	-	-	-	(667)	-	-	(667)
Recognition of lease liabilities	-	7,546	-	-	-	-	7,546
Exchange adjustments – profit or loss	-	-	-	-	444	-	444
Exchange adjustments – other comprehensive income	31	837	-	51	-	285,647	286,566
Finance costs	-	698	-	-	534,369	34,956	570,023
At 31st December, 2025	999	25,748	215	1,229	2,473	13,195,690	13,226,354

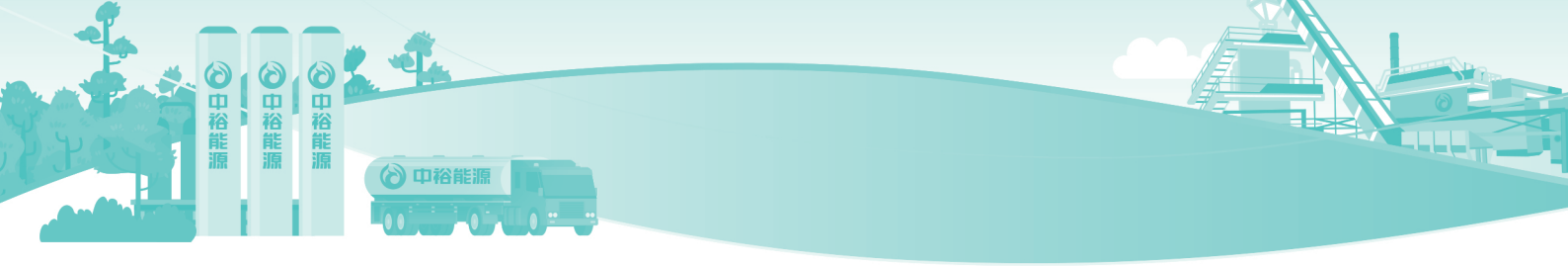
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

44. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY

As at 31st December, 2025 and 2024

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid-up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2025	2024	
				%	%	
Zhongyu Gas Investment Limited	Hong Kong	Limited liability company	1 ordinary share of HK\$1 each	100 [#]	100 [#]	Investment holding
Zhongyu Gas Investment (Beijing) Limited ^{###}	British Virgin Islands	Incorporated	1 ordinary share of US\$1 each	100 [#]	100 [#]	Investment holding
China City Gas Construction Holdings Co., Ltd. ^{###}	British Virgin Islands	Incorporated	100 ordinary shares of US\$1 each	100 ^{##}	100 ^{##}	Investment holding
China City Gas Construction Explore Co., Ltd. ^{###}	British Virgin Islands	Incorporated	100 ordinary shares of US\$1 each	100 ^{##}	100 ^{##}	Investment holding
China Gas Construction Expansion Co., Ltd. ^{###}	British Virgin Islands	Incorporated	1,330,000 ordinary shares of US\$1 each	100 ^{##}	100 ^{##}	Investment holding
China City Gas Construction Development Co., Ltd. ^{###}	British Virgin Islands	Incorporated	100 ordinary shares of US\$1 each	100 ^{##}	100 ^{##}	Investment holding
China City Gas Construction Investment Co., Ltd. ^{###}	British Virgin Islands	Incorporated	100 ordinary shares of US\$1 each	100 ^{##}	100 ^{##}	Investment holding
Zhongyu Gas Energy Investment Limited ^{###}	British Virgin Islands	Incorporated	50,000 ordinary shares of US\$1 each	100 [#]	100 [#]	Investment holding
Zhongyu Energy Trading Limited	HK	Limited liability company	1 ordinary share of HK\$1 each	100 [#]	100 [#]	Trading of LNG
中裕城市能源投資控股(深圳)有限公司	PRC	Wholly-foreign owned enterprise	Registered capital US\$100,000,000	100 ^{##}	100 ^{##}	Investment holding
三門峽中裕燃氣有限公司	PRC	Sino-foreign joint venture	Registered capital HK\$50,000,000	90 ^{##}	90 ^{##}	Trading of natural gas and liquefied petroleum gas and gas pipeline construction



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

44. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2025 and 2024 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid-up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2025	2024	
				%	%	
新密中裕燃氣有限公司	PRC	Sino-foreign joint venture	Registered capital HK\$15,000,000	97 ^{##}	97 ^{##}	Trading of natural gas and gas pipeline construction
永城中裕燃氣有限公司	PRC	Sino-foreign joint venture	Registered capital HK\$110,000,000	100 ^{##}	100 ^{##}	Trading of natural gas and gas pipeline construction
臨沂中裕能源有限公司	PRC	Wholly-foreign owned enterprise	Registered capital HK\$511,000,000	100 ^{##}	100 ^{##}	Trading of natural gas and gas pipeline construction
濟源中裕燃氣有限公司	PRC	Sino-foreign joint venture	Registered capital RMB120,000,000	92.9 ^{##}	92.9 ^{##}	Trading of natural gas and gas pipeline construction
漯河中裕燃氣有限公司 ("Luohé Zhongyu")	PRC	Sino-foreign joint venture	Registered capital RMB185,468,511	77.3 ^{##}	77.3 ^{##}	Trading of natural gas and gas pipeline construction
焦作中裕燃氣有限公司	PRC	Sino-foreign joint venture	Registered capital RMB249,800,000	93.2 ^{##}	93.2 ^{##}	Trading of natural gas, coal gas and liquefied petroleum gas and gas pipeline construction
河南中裕燃氣建設工程有限公司	PRC	Limited liability company	Registered capital RMB100,000,000	93.2 ^{##}	93.2 ^{##}	Gas pipeline construction
修武中裕燃氣發展有限公司	PRC	Limited liability company	Registered capital RMB40,000,000	99.2 ^{##}	99.2 ^{##}	Trading of natural gas and gas pipeline construction
臨沂中裕燃氣有限公司 ("Linyi Zhongyu")	PRC	Sino-foreign joint venture	Registered capital RMB50,000,000	51 [#]	51 [#]	Trading of natural gas and gas pipeline construction
武陟中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB26,000,000	100 ^{##}	100 ^{##}	Trading of natural gas, gas pipeline construction and operation of CNG/ LNG vehicle filling stations

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

44. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2025 and 2024 (Continued)

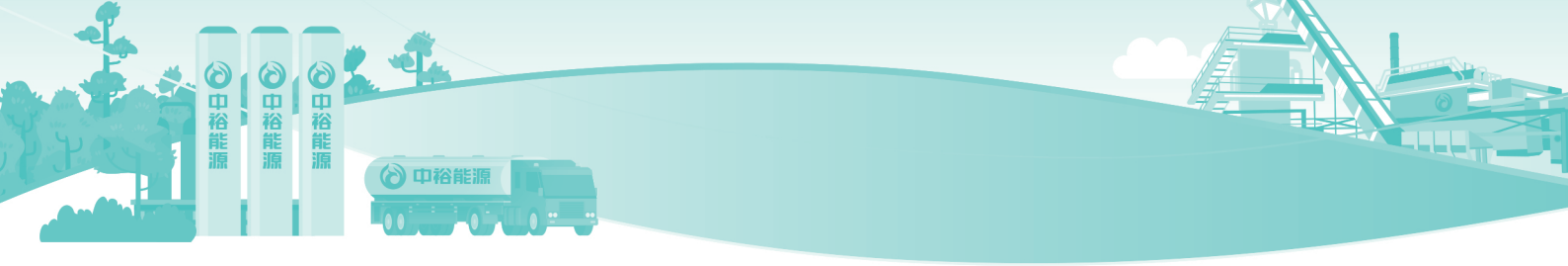
Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid-up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2025	2024	
				%	%	
漯河中裕壓縮氣有限公司	PRC	Sino-foreign joint venture	Registered capital RMB10,000,000	100 [#]	100 ^{##}	Operation of CNG/LNG vehicle filling stations
故城明華燃氣有限公司	PRC	Limited liability company	Registered capital RMB47,600,000	100 [#]	100 ^{##}	Trading of natural gas and gas pipeline construction
中裕(河南)能源貿易有限公司	PRC	Limited liability company	Registered capital RMB50,000,000	100 [#]	100 ^{##}	Trading of natural gas
濮陽中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB30,000,000	96 [#]	96 ^{##}	Trading of natural gas and gas pipeline construction
永城市中裕能源發展有限公司	PRC	Limited liability company	Registered capital RMB30,000,000	100 [#]	100 ^{##}	Design and development for new energy technology
浙江中裕能源銷售有限公司	PRC	Wholly-foreign owned enterprise	Registered capital USD20,000,000	100 [#]	100 ^{##}	Trading of natural gas
南通中裕能源銷售有限公司	PRC	Wholly-foreign owned enterprise	Registered capital USD20,000,000	100 [#]	100 ^{##}	Trading of natural gas
Harmony Gas Holdings Limited ^{###}	Cayman Islands	Limited liability company	78,287,805 ordinary shares of US\$0.0001 each	100 [#]	100 ^{##}	Investment holding

[#] The nominal value of issued share capital/registered capital directly held by the Company.

^{##} The nominal value of issued share capital/registered capital indirectly held by the Company.

^{###} The place of operation of the company is Hong Kong.

None of the subsidiaries had issued any debt securities at the end of both years.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit for the year attributable to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Linyi Zhongyu	PRC – Shandong province	49%	49%	(24,092)	16,543	285,773	303,724
Luohu Zhongyu	PRC – Henan province	22.71%	22.71%	12,896	8,301	131,236	126,923
Individually immaterial subsidiaries with non-controlling interests, including Harmony Gas' subsidiaries				17,135	29,916	541,764	564,796
				5,939	54,760	958,773	995,443

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.



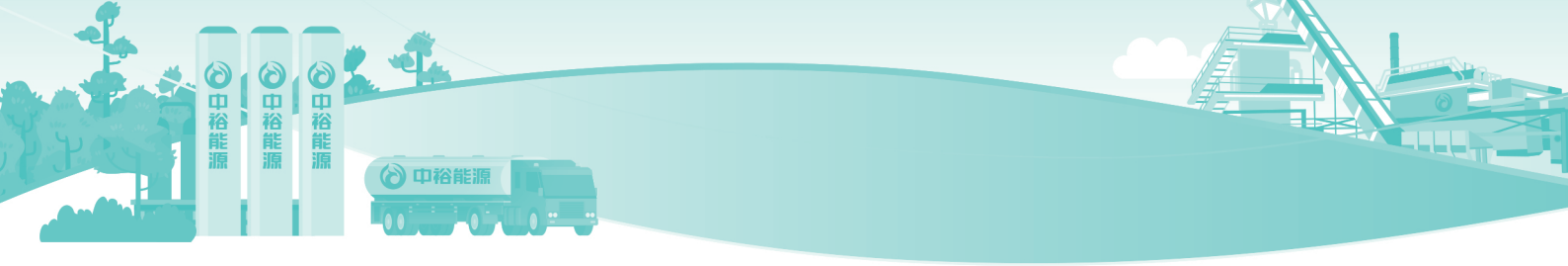
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

(i) **Linyi Zhongyu**

	2025 HK\$'000	2024 HK\$'000
Current assets	400,016	343,508
Non-current assets	732,343	711,838
Current liabilities	(454,751)	(361,252)
Non-current liabilities	(94,398)	(74,247)
Equity attributable to owners of the Company	297,437	316,123
Non-controlling interests	285,773	303,724



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

(i) Linyi Zhongyu (Continued)

	2025 HK\$'000	2024 HK\$'000
Revenue	387,382	560,579
Expenses	(436,549)	(526,817)
(Loss) profit for the year	(49,167)	33,762
(Loss) profit for the year attributable to:		
Owners of the Company	(25,075)	17,219
Non-controlling interests	(24,092)	16,543
	(49,167)	33,762
Other comprehensive income attributable to:		
Owners of the Company	17,786	(9,783)
Non-controlling interests	17,088	(9,400)
Other comprehensive income for the year	34,874	(19,183)
Exchange difference arising from translation to presentation currency	14,008	(12,802)
Net cash used in operating activities	(41,523)	(47,408)
Net cash used in investing activities	(23,742)	(28,950)
Net cash generated from financing activities	89,237	31,750
Net cash inflow (outflow)	23,972	(44,608)

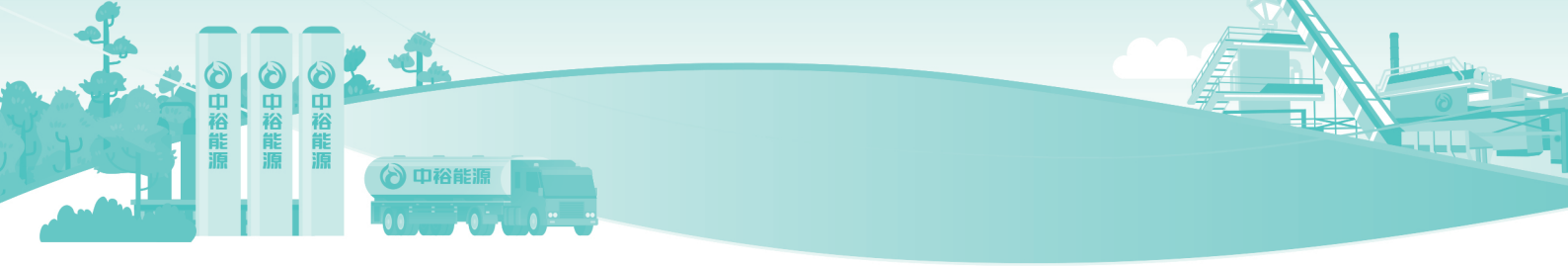
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

(ii) Luohe Zhongyu

	2025 HK\$'000	2024 HK\$'000
Current assets	124,162	68,595
Non-current assets	1,285,903	1,298,692
Current liabilities	(652,235)	(575,083)
Non-current liabilities	(208,020)	(233,316)
Equity attributable to owners of the Company	418,574	431,965
Non-controlling interests	131,236	126,923



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

(ii) Luohe Zhongyu *(Continued)*

	2025 HK\$'000	2024 HK\$'000
Revenue	492,102	591,834
Expenses	(435,316)	(555,281)
Profit for the year	56,786	36,553
Profit for the year attributable to:		
Owners of the Company	43,890	28,252
Non-controlling interests	12,896	8,301
	56,786	36,553
Other comprehensive income attributable to:		
Owners of the Company	(23,434)	(18,116)
Non-controlling interests	(6,885)	(5,323)
Other comprehensive income for the year	(30,319)	(23,439)
Exchange difference arising from translation to presentation currency	16,992	(8,857)
Dividends paid to non-controlling interests	-	17,649
Net cash generated from operating activities	49,234	45,095
Net cash used in investing activities	(26,007)	(28,352)
Net cash (used in) generated from financing activities	(30,522)	6,580
Net cash (outflow) inflow	(7,295)	23,323

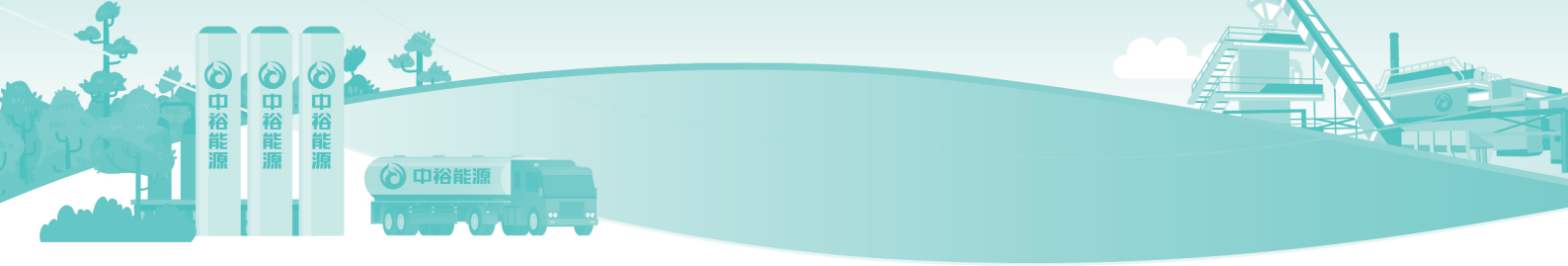
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

46. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Unlisted investments in subsidiaries	1,365,653	1,340,259
Financial asset at FVTOCI	2,720	41,575
Amounts due from group companies	5,228,344	5,512,162
Long-term other receivables	668,048	666,862
Right-of-use assets	2,500	5,227
	7,267,265	7,566,085
Current assets		
Other receivables	19,463	20,712
Bank balances and cash	92,064	362,355
	111,527	383,067
Current liabilities		
Other payables and accrued charges	265	22,847
Amounts due to group companies	366,539	171,647
Borrowings	4,106,254	2,214,870
Lease liabilities	3,060	2,854
	4,476,118	2,412,218
Net current liabilities	(4,364,591)	(2,029,151)
Total assets less current liabilities	2,902,674	5,536,934



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2025

46. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	2025 HK\$'000	2024 HK\$'000
Capital and reserves		
Share capital (note 34)	27,483	27,777
Reserves (note)	(570,153)	(26,565)
Total (deficit) equity	(542,670)	1,212
Non-current liabilities		
Borrowings	3,445,344	5,532,662
Lease liabilities	-	3,060
	3,445,344	5,535,722
	2,902,674	5,536,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

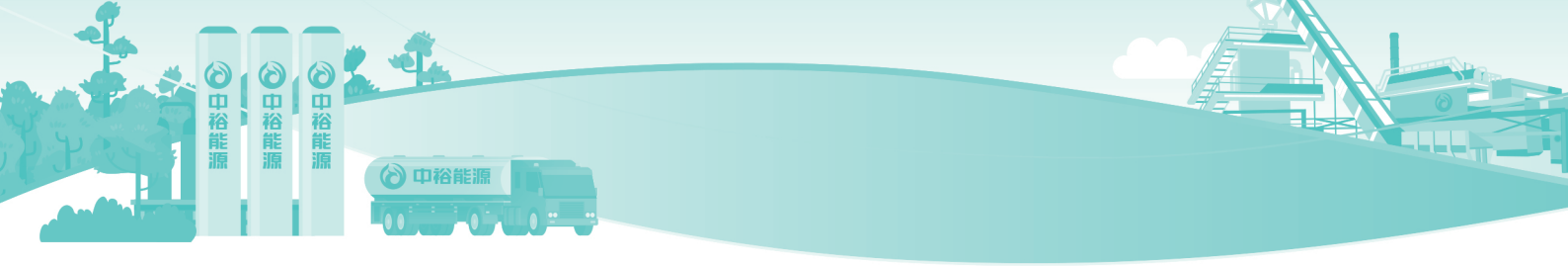
For the year ended 31st December, 2025

46. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

Reserves of the Company

	Share premium HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January, 2024	2,508,703	12,534	30,990	(1,752,182)	800,045
Loss for the year	-	-	-	(624,806)	(624,806)
Other comprehensive income for the year	-	-	(122,553)	-	(122,553)
Total comprehensive income for the year	-	-	(122,553)	(624,806)	(747,359)
Repurchase of shares (note 34)	(79,251)	-	-	-	(79,251)
At 31st December, 2024	2,429,452	12,534	(91,563)	(2,376,988)	(26,565)
Loss for the year	-	-	-	(245,037)	(245,037)
Other comprehensive income for the year	-	-	(117,321)	-	(117,321)
Total comprehensive income for the year	-	-	(117,321)	(245,037)	(362,358)
Dividends declared to owners of the Company	-	-	-	(54,966)	(54,966)
Repurchase of shares (note 34)	(126,264)	-	-	-	(126,264)
At 31st December, 2025	2,303,188	12,534	(208,884)	(2,676,991)	(570,153)



FINANCIAL SUMMARY

	For the year ended 31st December,				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Turnover	12,444,246	13,472,199	13,643,682	12,997,322	11,344,500
Profit for the year attributable to:					
Owners of the Company	247,278	146,384	246,720	174,077	1,188,997
Non-controlling interests	5,939	54,760	53,736	68,840	73,646
	253,217	201,144	300,456	242,917	1,262,643

	As at 31st December,				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Assets and liabilities					
Total assets	25,559,313	26,222,624	26,430,107	26,310,882	26,672,864
Total liabilities	(17,254,590)	(17,841,653)	(17,736,680)	(17,175,640)	(17,155,866)
	8,304,723	8,380,971	8,693,427	9,135,242	9,516,998
Equity attributable to:					
Owners of the Company	7,345,950	7,385,528	7,701,313	8,128,223	8,658,997
Non-controlling interests	958,773	995,443	992,114	1,007,019	858,001
	8,304,723	8,380,971	8,693,427	9,135,242	9,516,998

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