



湖州燃气股份有限公司 HUZHOU GAS CO., LTD.*

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

Stock Code : 6661

2025 ANNUAL REPORT



* For identification purposes only

CONTENTS

2	CORPORATE INFORMATION
3	DEFINITIONS
7	FINANCIAL HIGHLIGHTS
8	CHAIRMAN'S STATEMENT
10	MANAGEMENT DISCUSSION AND ANALYSIS
17	BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT
28	REPORT OF THE DIRECTORS
46	CORPORATE GOVERNANCE REPORT
68	INDEPENDENT AUDITOR'S REPORT
73	CONSOLIDATED STATEMENT OF PROFIT OR LOSS
74	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
75	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
77	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
79	CONSOLIDATED STATEMENT OF CASH FLOWS
81	NOTES TO FINANCIAL STATEMENTS
178	FIVE-YEAR FINANCIAL SUMMARY

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Hua (*Chairman*)
Ms. Sun Xiaohui
Mr. Wang Tao (*Appointed on 25 April 2025*)
Mr. Yang Fan (*Resigned on 25 April 2025*)

Non-executive Directors

Mr. Gong Luo Jian (*Appointed on 25 April 2025*)
Mr. Sun Xiaowei (*Appointed on 14 November 2025*)
Mr. Liu Jianfeng (*Resigned on 25 April 2025*)
Mr. Wang Peng (*Resigned on 14 November 2025*)

Independent Non-executive Directors

Mr. Chang Li Hsien Leslie
Dr. Lau Suet Chiu Frederic
Mr. Zhou Xinfu

Employee Representative Director

Ms. Yao Yanli (*Appointed on 14 November 2025*)

SUPERVISORS

Ms. Xing Yan (*Chairwoman*)
Mr. Cai Rui
Mr. Shen Jiahui

Since 14 November 2025, the Company has ceased to establish the Supervisory Committee in accordance with the relevant laws and regulations and the Articles of Association. All Supervisors have resigned as Supervisors of the Company

AUDIT COMMITTEE

Mr. Chang Li Hsien Leslie (*Convener*)
Dr. Lau Suet Chiu Frederic
Mr. Zhou Xinfu
Mr. Gong Luo Jian
Mr. Sun Xiaowei

NOMINATION COMMITTEE

Mr. Zhou Xinfu (*Convener*)
Mr. Chang Li Hsien Leslie
Dr. Lau Suet Chiu Frederic
Ms. Sun Xiaohui

REMUNERATION COMMITTEE

Dr. Lau Suet Chiu Frederic (*Convener*)
Mr. Chang Li Hsien Leslie
Mr. Zhou Xinfu

STRATEGY COMMITTEE

Mr. Wang Hua (*Convener*)
Mr. Gong Luo Jian
Mr. Chang Li Hsien Leslie
Dr. Lau Suet Chiu Frederic
Mr. Zhou Xinfu

JOINT COMPANY SECRETARIES

Ms. Zheng Jie
Ms. Lee Mei Yi

AUTHORISED REPRESENTATIVES

Mr. Wang Hua
Ms. Lee Mei Yi

REGISTERED OFFICE AND HEADQUARTER IN THE PRC

227 Sizhong Road
Huzhou
Zhejiang Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1917, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

HONG KONG H SHARE REGISTRAR

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

AUDITOR

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

LEGAL ADVISERS

As to Hong Kong law
Li & Partners
22/F, World-Wide House
Central
Hong Kong

As to PRC law
Grandall Law Firm (Hangzhou)
Grandall Building
No. 2 & No. 15, Block B
Baita Park
Old Fuxing Road
Hangzhou
Zhejiang Province
310008
China

PRINCIPAL BANKERS

Bank of Huzhou Co., Ltd. (Business Department)
Headquarter Building of Bank of Huzhou
No. 268 Hongqi Road
Wuxing District
Huzhou
Zhejiang Province
The PRC

Bank of China Limited (Huzhou Branch)
208 Renmin Road
Wuxing District
Huzhou
Zhejiang Province
The PRC

China Construction Bank Corporation (Chengzhong Sub-Branch)
No. 152-160, Qianzhuang Road, Block 10, Boyafu
Wuxing District
Huzhou
Zhejiang Province
The PRC

STOCK CODE

06661

COMPANY WEBSITE

www.hzrqgf.com

DEFINITIONS

COMPANY NAMES

“City Group”	Huzhou City Investment and Development Group Co., Ltd.* (湖州市城市投資發展集團有限公司), a state-owned enterprise established under the laws of the PRC on 27 February 1993, and a controlling shareholder of the Company as at the Latest Practicable Date
“Company”	Huzhou Gas Co., Ltd.* (湖州燃氣股份有限公司), a limited liability company established under the laws of the PRC on 16 June 2004 and converted into a joint stock company with limited liability on 2 April 2021
“ENN (China)”	Xiniao (China) Gas Investment Company Limited* (新奧(中國)燃氣投資有限公司), a limited liability company established under the laws of the PRC on 8 January 2004, and a substantial shareholder of the Company as at the Latest Practicable Date
“Group”, “we”, “our” or “us”	the Company and its subsidiaries
“Huzhou SASAC”	Huzhou Municipal People’s Government State-owned Assets Supervision and Administration Commission* (湖州市人民政府國有資產監督管理委員會), which, as a functional department of Huzhou Municipal People’s Government, reports to and is under the leadership of Huzhou Municipal People’s Government, and is therefore a PRC government body (as defined under the Listing Rules)
“ENN Energy”	ENN Energy Holdings Limited* (新奧能源控股有限公司), with the stock code: 02688, as at the Latest Practicable Date, directly holds 100% shares in Xiniao (China), a substantial Shareholder of the Company, and is therefore an associate of the substantial Shareholder of the Company
“Xiniao Development”	Huzhou Xiniao Gas Development Co., Ltd. (湖州新奧燃氣發展有限公司), as at the Latest Practicable Date, is a wholly-owned subsidiary of the Company
“Xiniao Energy Development”	Huzhou Xiniao Energy Development Co., Ltd.* (湖州新奧能源發展有限公司), as at the Latest Practicable Date, is a non-wholly owned subsidiary of the Company
“Nanxun Xiniao”	Huzhou Nanxun Xiniao Gas Company Limited* (湖州南潯新奧燃氣有限公司), as at the Latest Practicable Date, is a non-wholly owned subsidiary of the Company
“Nanxun Xiniao Development”	Nanxun Xiniao Gas Development Co., Ltd.* (南潯新奧燃氣發展有限公司), as at the Latest Practicable Date, is an indirect non-wholly owned subsidiary of the Company
“Deqing Xinrui”	Deqing Xinrui New Energy Co., Ltd.* (德清新瑞新能源有限公司), as at the Latest Practicable Date, is an indirect non-wholly owned subsidiary of the Company
“Huzhou Urban Construction”	Huzhou Urban Construction Investment Group Co., Ltd.* (湖州市城建投資集團有限公司), is a wholly-owned subsidiary of City Group, the controlling shareholder of the Company
“Huran New Energy”	Huzhou Huran New Energy Development Co., Ltd.* (湖州湖燃新能源開發有限公司), as at the Latest Practicable Date, is a direct non-wholly owned subsidiary of the Company

DEFINITIONS

OTHERS

“AGM”	the annual general meeting of the Company to be held on 5 June 2026
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Strategy Committee”	the strategy committee under the Board
“Audit Committee”	the audit committee under the Board
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange
“Board” or “Board of Directors”	the board of directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, as amended from time to time
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed on the Stock Exchange

DEFINITIONS

“H Share Registrar”	Tricor Investor Services Limited
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 April 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
“IFRS”	International Financial Reporting Standards which include standards and interpretations promulgated by the International Accounting Standards Board
“Independent Third Party(ies)”	party(ies) which, as far as the Directors are aware after having made all reasonable enquiries, is not a connected person(s) (as defined in the Listing Rules) of the Company
“Listing Date”	13 July 2022, on which the H Shares are first listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“LNG”	liquefied natural gas
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee under the Board
“Operating Area”	the Wuxing Operating Area and the Nanxun Operating Area
“PNG”	piped natural gas
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus issued by the Company on 29 June 2022
“Remuneration Committee”	the remuneration committee under the Board
“Reporting Period” or “Year”	the year ended 31 December 2025

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising the Domestic Share(s) and the H Share(s)
“Treasury Shares”	has the meaning ascribed thereto under the Listing Rules
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company

FINANCIAL HIGHLIGHTS

- The sales volume of natural gas for the Year was 571.32 million m³, representing a decrease of 5.21% as compared with the year ended 31 December 2024.
- Revenue for the Year was RMB2,275.91 million, representing a decrease of 4.08% as compared with the year ended 31 December 2024.
- Profit attributable to owners of the Group for the Year was RMB94.68 million, representing a decrease of 19.62% as compared with the year ended 31 December 2024.
- The Board has proposed to pay the final dividend of RMB0.30 (tax inclusive) per share for the year ended 31 December 2025, which remains unchanged compared with the final dividend for the year ended 31 December 2024.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Huzhou Gas Co., Ltd., I am pleased to present the Annual Report 2025 of the Company to you.

The year 2025 marked the final year of the “14th Five-Year Plan” and a pivotal year for further deepening reforms comprehensively and advancing Chinese-style modernization. As the share of wind and solar power capacity crossed a critical threshold, grid volatility increased significantly. Natural gas, as the cleanest fossil fuel, has transitioned from a simple “alternative energy” to a “supporting energy” and “regulator” deeply integrated with new energy sources. Facing a complex and ever-changing external environment, the Company remains committed to advancing the national “dual carbon” goals, strengthening the green energy transition, and continuously demonstrating new achievements in ensuring energy security, promoting innovative transformation and serving social development.

ANNUAL RESULTS

For the year ended 31 December 2025, the Company achieved operating revenue of RMB2,276 billion and total profit of RMB189 million, exceeding the target by 26%. Profit per employee reached RMB420,000, and the asset-liability ratio was controlled at a prudent level of 39%. All core operational indicators maintained a positive trajectory. The Company consistently prioritizes safety and quality, providing a robust foundation for high-quality development through a high standard of workplace safety.

SAFETY OPERATIONS: BUILDING A PROTECTIVE SHIELD FOR URBAN RENEWAL

The Company consistently regards safe production as its lifeline. Strictly adhering to the requirements of “Special Rectification”, “Root Cause Elimination” and the “Three-Year Action Plan for Addressing Fundamental Issues”, we conducted comprehensive inspections and rectification of various safety hazards. Throughout the year, we achieved dynamic clearance of all Level 1 hazards for commercial and industrial users, striving for “zero blind spots and zero accidents” in safety control. In terms of infrastructure, the Company actively responded to the national “Urban Renewal Action” policy, efficiently advancing the renovation and replacement of aging pipelines. During the year, we completed renovation projects in 28 old residential communities and over 20 roads, contributing to the dynamic clearance of “unsafe operation” facilities. Simultaneously, leveraging national safety rectification initiatives, the Company fostered government-business collaboration to promote the “conversion from bottled LPG to piped natural gas” for commercial and industrial users, significantly enhancing intrinsic safety levels in gas usage.

NATURAL GAS BUSINESS: ENSURING SUPPLY AND SERVING LIVELIHOODS

Focusing on customer needs for “stable energy supply” and “continuous cost reduction”, the Company implemented flexible business models and tiered pricing strategies, adopting a “one enterprise, one policy” approach for key clients to consistently drive gas volume growth. During the year, the Company’s gas sales volume reached 620 million cubic meters, maintaining stable year-on-year growth. In terms of gas source security, the Company completed the Lijiawan Comprehensive Gas Source Station project during the year. This station connects upstream to the national pipeline network’s “Sichuan-East Gas Transmission Line” and integrates downstream with the existing urban pipeline network, ensuring diversified and sufficient gas sources and reliable supply security. Seizing the national policy opportunity for “actively and steadily promoting the redevelopment of urban villages in mega and large cities”, we steadily extended the natural gas pipeline network to rural areas. During the year, 11 administrative villages were connected to gas, strongly fulfilling the state-owned listed enterprise’s social responsibility and commitment to people’s livelihoods.

TECHNOLOGICAL INNOVATION: SETTING AN INDUSTRY BENCHMARK FOR INNOVATION

The gas industry is currently at a critical juncture transitioning from traditional public utilities to high-tech energy services. We are deeply cultivating the smart gas sector, viewing its development as a key pathway for cultivating new productive forces and enhancing core industrial competitiveness. In 2025, the Company successfully compiled and released the nation's first provincial-level smart gas report, exporting the "Huzhou Solution" for gas digital transformation. During the year, a subsidiary was successfully recognized as a "2025 Zhejiang Provincial Enterprise Research Institute" and a "Zhejiang Provincial Specialized and Sophisticated SME", fully demonstrating the Company's innovative thinking and R&D capabilities. We vigorously pursued the "unmanned" transformation of the Sichuan Gas Gate Station, making it the first gas gate station in Huzhou to integrate multiple systems such as video intelligent patrol, environmental perception and remote control, accumulating valuable experience for promoting the intelligent upgrade of gas facilities.

GREEN ENERGY BUSINESS: ACTIVATING THE CORE ENGINE FOR LOW-CARBON DEVELOPMENT

In terms of Pan-energy business, the Company seized opportunities from the energy and carbon transition. With exceptional service quality, we focused on enhancing core capabilities in customer demand analysis, solution optimization and project operation, comprehensively constructing industry-specific green energy solutions. During the year, we completed an energy retrofit project for a major hotel chain, as well as energy retrofits for several public hospitals and commercial complexes in the local city. In terms of new energy business, the Company actively cooperated with the national policy promoting "energy expense management services for public institutions". Focusing on the public institution, industrial and building sectors, we vigorously promoted an integrated aggregation energy service model combining "photovoltaics + energy storage + green power", utilizing advanced technology and digital management to enhance customer energy savings and emission reduction outcomes. During the year, we achieved a "breakthrough from zero" in industrial energy storage projects and completed the commissioning of photovoltaic projects for local universities and agricultural wholesale markets, making positive contributions to promoting regional green and low-carbon development.

FUTURE OUTLOOK

The year 2026 marks the beginning of the "15th Five-Year Plan" period. Global economic development still faces many uncertainties, but favorable domestic energy policies are expected to support the healthy development of the urban gas industry. China has further clarified the strategic direction of accelerating the construction of a new energy system and building a leading energy nation. Driven by the "dual carbon" goals and the establishment of gas-price linkage mechanisms, the demand for clean energy, including natural gas, is expected to be further unlocked. The Company will seize the opportunities in clean energy development, using safety as the cornerstone, innovation as the driver and green development as the direction. We will continuously enhance our core competitiveness and profitability, create greater value for our shareholders and contribute more to local economic and social development.

Finally, on behalf of the Board of Directors, I would like to express my heartfelt gratitude to all Shareholders, customers, partners and friends from all walks of life who have long cared for and supported the development of Huzhou Gas Co., Ltd.!

Wang Hua
Chairman

Huzhou, Zhejiang, the PRC
31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Against the backdrop of the slowdown in the global economic growth and profound adjustments in the international energy landscape in 2025, China's urban gas industry, as a core component of the modern urban energy system, has not only demonstrated strong development resilience, but also achieved comprehensive upgrades across the supply system, demand structure, regulatory framework and industrial transformation, becoming a key pillar in advancing the development of a new energy system and supporting the realisation of the “dual carbon” goals.

The supply system is developing towards greater diversification and enhanced security of supply. Traditional natural gas remains the mainstay of supply, with domestic exploration and development technology upgrades driving the steady growth in domestic gas production. The dual-channel layout of pipeline imports and LNG maritime imports continues to improve, while the construction of LNG receiving terminals and the installation of gas storage and peak-shaving facilities are accelerating, further enhancing the supply stability and emergency response capabilities. The market demand structure shows a trend of optimisation. Residential gas consumption grows steadily alongside the improvement of urbanisation process and living standards. Industrial gas consumption accelerates the “coal-to-gas” switch under the constraint of environmental protection policies. The demand for cascading utilisation of distributed energy systems in large commercial complexes is growing, injecting multi-dimensional momentum into the industry's development.

The top-level design of the industry regulation has accelerated its implementation, with the policy focus shifting from “establishing rules and regulations” to “law enforcement and accountability”. The Measures for the Regulation of Fair Access to Oil and Gas Pipeline Network Facilities (《油氣管網設施公平開放監管辦法》), jointly issued by the National Development and Reform Commission and the National Energy Administration, have introduced administrative penalty clauses for the first time, providing a legal safeguard for urban gas enterprises to access upstream resources on an equal footing. The end-user price pass-through mechanism has been implemented gradually nationwide, alleviating the operational pain point of “cost inversion” for small and medium-sized urban gas enterprises. Government regulatory efforts in safety production, market access and price control continue to strengthen. A comprehensive system of regulations and standards safeguards the healthy and orderly development of the industry.

The integration and innovation of digital technology with the gas industry have become the core driver of the industry's transformation, propelling the urban gas industry from a traditional public utility towards a high-tech infrastructure sector that is data-driven and provides clean energy and intelligent services. AI, big data and IoT technologies are deeply integrated into the entire gas business process. The Company continues to strengthen the construction of its “Smart Cloud” platform, driving a comprehensive shift in safety governance from “passive response” to “active prevention”. Concurrently, actively responding to national policies, the Company vigorously advances its “Gas+” business layout, focusing on large public projects, industrial and construction sectors. It assists customers in energy conservation and emission reduction through energy expense trusteeship and digital-intelligent management, with the first industrial energy storage project put into operation within the year, creating a new growth driver for enterprise profitability. This enables the Company to play a greater role in ensuring urban energy security and promoting synergistic innovation in pollution reduction and carbon reduction.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Since 2004 and 2009, as a concession grantee, the Group has been the exclusive distributor of piped natural gas (“PNG”) in its operating areas in Wuxing district and Nanxun district of Huzhou, respectively. The main businesses include the sale of PNG (under the concessions) and liquefied natural gas (“LNG”) in Huzhou, the provision of services to construct and install end-user pipeline network and gas facilities, and the sale of household gas appliances and relevant equipment, energy, distributed photovoltaic power and the leasing of properties within the People’s Republic of China (the “PRC”). As at the end of the Reporting Period, the Group provided gas supply services to 340,663 residential users and 3,936 industrial and commercial users, with a gas sales volume of approximately 571.32 million m³, representing a decrease of approximately 5.21% as compared with the previous year.

As at the end of the Reporting Period, the Group was the largest PNG distributor in Huzhou city, Zhejiang province, the PRC, and the length of the natural gas pipeline network operated within the Group’s operating areas in Huzhou was approximately 1,768.1 kilometers.

DEVELOPMENT STRATEGY AND OUTLOOK

Currently, as the international order undergoes profound adjustments, intertwined with geopolitical tensions and trade protectionism, the international energy supply chain faces challenges. The uncertainty in the external macro-environment is transmitting to the domestic economy, increasing external variables for the development of the natural gas industry. However, China’s energy sector is entering a period of intensive policy dividends, with the industry’s fundamentals for development continuing to improve. The Ecological and Environmental Code of the People’s Republic of China (《中華人民共和國生態環境法典》) to be implemented in August 2026, designates natural gas as the statutory alternative energy source within zones where coal burning is prohibited. This provision uses the force of law to drive the deeper advancement of the “coal-to-gas” switch, establishing the core position of natural gas as a clean energy source from a legal perspective, and opening up incremental consumption space in sectors such as industry and commerce. The construction and renovation of urban underground pipeline networks have been incorporated into the national key investment direction, providing robust policy support for upgrading the gas infrastructure and optimising the pipeline network safety governance. The industry is poised for dual development opportunities of infrastructure quality enhancement and market demand expansion. The opportunity for a “second growth curve” in the natural gas industry has arrived.

Aligning with national energy strategy requirements and being grounded in the industry’s development trends, the Company will adhere to its core strategic vision of becoming a premier “green integrated energy service provider”. It remains committed to the development philosophy of “safety first, green priority, innovation-driven and efficiency-oriented”, anchoring its development path on the dual drivers of “natural gas + emerging green energy”. The Company will unwaveringly advance its strategic transformation and upgrade, comprehensively reshaping its integrated energy service capabilities with a focus on customer value creation, and constructing a new pattern of high-quality development. It will demonstrate the responsibility of a state-owned enterprise by ensuring urban energy security, promoting synergistic innovation in pollution reduction and carbon reduction, and contributing to the building of a leading energy nation.

MANAGEMENT DISCUSSION AND ANALYSIS

Deepen customer value to unlock end-use energy potential. The Company will build a comprehensive and refined customer service system. For major customers, the Company will implement customised “one enterprise, one policy” services to enhance strategic cooperation stickiness. For industrial and commercial customers, the Company will integrate safety retrofitting with energy efficiency improvement services, broadening the scope of service coverage and improving service quality assurance so as to help customers achieve efficient and low-carbon transformation. For residential users, the Company will simultaneously enhance residential gas supply security and promote the service upgrades, fully unlocking the demand for integrated energy services.

Strengthen the development foundation by optimising safety operation levels. Seizing the strategic opportunities presented by the market-oriented reform of the natural gas industry, the Company will steadily promote the implementation of the residential gas price pass-through mechanism to rationalise the price transmission system. The Company will accelerate the systematic renovation of ageing gas pipeline networks, leveraging national policies for underground pipeline network construction and renovation to upgrade pipeline network infrastructure and eliminate safety hazards. Concurrently, the Company will continuously improve the safety production management system, strengthen the whole-process safety control, consolidate the foundation for safe operations, and comprehensively elevate the refined management standards for the enterprise.

Persist in technology empowerment to build a solid foundation for digital-intelligent development. With technological innovation as the core driving force, the Company will construct a smart energy management system centred on AI-driven analysis and application. This will enable real-time diagnosis and trend prediction of vast monitoring data, comprehensively upgrading capabilities for automatic hazard warning, precise positioning and closed-loop resolution, thereby advancing the intelligence and automation of gas safety governance and operational management. The Company will continue to increase its research, development and application efforts in smart gas equipment, enhance the functionality of the “Smart Cloud” platform, and achieve data-driven management across the entire gas business processes.

Deepen reform and transformation to enhance market competitiveness. Seizing the opportunity for the “second growth curve” in the industry, and focusing on core areas of industrial energy conservation, the Company will build an integrated energy service system centred on energy trusteeship and system optimisation, providing one-stop energy services. This will establish an integrated energy business brand with distinctive Huzhou Gas characteristics, facilitating the enterprise’s transition from a single traditional “gas-selling” energy supplier to an integrated “service-selling” energy solution provider. The Company will accelerate the pace of external expansion by acquiring high-quality urban gas enterprises, continuously expanding its market footprint and optimising operating cost structures. By combining endogenous growth with exogenous expansion, the Company will achieve a dual enhancement in revenue scale and profitability.

Looking ahead, the Company will remain grounded in the national energy transition strategy, expand the boundaries of clean energy applications, and build a diversified, complementary, smart and efficient modern energy service system. By deeply integrating into the process of building a new energy system, the Company will take concrete actions to support the achievement of the “dual carbon” strategic goals, contributing greater strength to promote the construction of a leading energy nation and the sustainable urban development.

FINANCIAL OVERVIEW

Revenue

The Group's revenue for the Year was RMB2,275.91 million, representing a decrease of 4.08% as compared with RMB2,372.64 million in the previous year. The decrease in revenue was primarily attributable to two factors: first, the decrease in natural gas sales revenue was attributable to the downward adjustment of natural gas sales prices for non-residential users during the Reporting Period, coupled with a slowdown in the pace of macroeconomic recovery, which led to a decline in gas demand from some industrial and commercial users and a year-on-year decrease in the volume of natural gas sold; and second, revenue from pipeline construction and installation decreased due to the sustained regulatory adjustments in the real estate market.

Gross Profit

The Group's gross profit for the Year was RMB264.26 million, representing a decrease of 5.01% as compared with RMB278.19 million in the previous year. During the Reporting Period, the decrease in the Group's gross profit from pipeline natural gas sales was mainly due to the macroeconomic environment, which led to a decline in natural gas sales volume in 2025. Meanwhile, affected by the sustained regulatory adjustments in the real estate market, the gross profit from pipeline construction and installation also decreased.

Other Income and Gains

The Group's other income and gains for the Year were RMB25.01 million, representing a decrease of 18.40% as compared with RMB30.65 million in the previous year. It was mainly due to the decrease in interest income during the Reporting Period. Affected by the downturn in market interest rates, the average yield of the Group's bank deposits and wealth management products decreased, resulting in a decrease in interest income.

Finance Costs

The Group's finance costs for the Year were RMB2.12 million, representing a decrease of 13.82% as compared with RMB2.46 million in the previous year. It was mainly due to the decrease in interest expenses resulting from the Group's reduction in short-term borrowings as part of its efforts to optimize its debt structure during the Year. The Group will continue to optimize the debt structure, reduce the pressure of short-term debt repayment, control finance costs and ensure financial sustainability.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expense

The Group's income tax expense for the Year increased by 8.27% to RMB39.92 million from RMB36.87 million in the previous year. The effective tax rate for the Year was 21.13% (2024: 17.90%). Huzhou Xiniao Gas Development Co., Ltd. ("**Xiniao Development**"), a subsidiary of the Group, is a High-Tech Enterprise and is subject to a preferential enterprise income tax rate of 15%. The increase in income tax expense and the increase in effective tax rate were due to the decrease in the tax benefits of Xiniao Development as a result of its decline in profit before tax for the Year; coupled with the fact that the proportion of profits of subsidiaries that did not enjoy preferential tax rate increased, which increased the overall tax rate.

Profit attributable to Owners of the Parent

Profit attributable to owners of the parent for the Year was RMB94.68 million, representing a decrease of 19.62% as compared with RMB117.79 million in the previous year. The decrease in profit attributable to owners of the parent was affected by multiple factors: first, the decrease in natural gas sales volume due to the decline in gas consumption demand from certain industrial and commercial users as a result of the economic environment; second, affected by the sustained regulatory adjustments in the real estate market, the gross profit from pipeline construction and installation also decreased; and third, due to the downturn in market interest rates, the average yield of the Group's bank deposits and wealth management products decreased, resulting in a reduction in interest income for the Year. These factors collectively contributed to the decrease in profit attributable to owners of the parent as compared with the previous year.

Liquidity and Financial Position

As at 31 December 2025, the current assets of the Group amounted to RMB622.15 million (31 December 2024: RMB967.99 million), of which cash and cash equivalents amounted to RMB309.43 million and were mainly denominated in RMB.

As at 31 December 2025, the current ratio (current assets/current liabilities) of the Group was 1.05 (31 December 2024: 1.59) and the asset-liability ratio (total liabilities/total assets) was 38.83% (31 December 2024: 39.58%). As at 31 December 2025, the unutilised bank credit balance was RMB255.0 million. The Group issued a letter of guarantee of RMB30.0 million by using the banking facilities for the performance bond required to be paid to China Oil & Gas Pipeline Network Corporation (國家石油天然氣管網集團有限公司) under the Agreement on the Access of New Download Point Off-load Facilities of Natural Gas Infrastructure (《天然氣基礎設施新增下載點分輸設施接入協議》) entered into by Huzhou Nanxun Xiniao Gas Company Limited* (湖州南潯新奧燃氣有限公司), a non-wholly owned subsidiary of the Group, and National Pipeline Network Group Sichuan to East Natural Gas Pipeline Co., Ltd.* (國家管網集團川氣東送天然氣管道有限公司), and the term of the letter of guarantee was from 1 September 2022 to 30 June 2027. The Group obtained a bank loan of RMB14.6 million by using the banking facilities, all of which were denominated in RMB and bear interest at Loan Prime Rate (LPR) -40bps, and the loan term was from 28 February 2024 to 27 February 2036. The Group obtained a bank loan of RMB8.2 million by using the banking facilities, all of which were denominated in RMB and bear interest at LPR-40bps, and the loan term was from 1 January 2025 to 17 July 2035. The above two loans were used for the expansion of the photovoltaic business of Huzhou Huran New Energy Development Co., Ltd.* (湖州湖燃新能源開發有限公司), a non-wholly owned subsidiary of the Company.

As at 31 December 2025, the gearing ratio of the Group was approximately 3.60% (31 December 2024: 2.97%). The ratio was calculated by dividing total interest-bearing liabilities by the total equity of the Group. As at 31 December 2025, the Group maintained a net cash position.

Exchange Rate Fluctuation Risk

As the Group operates all its businesses in the PRC, substantially all of its revenue and expenses are denominated in RMB. The foreign exchange risks the Group faces are mainly related to cash and cash equivalents (mainly denominated in Hong Kong dollars), mainly consisting of negligible expenses such as dividend payments and reimbursement of service fees for future professional organizations, and there is no significant exchange rate risk. The Group will closely monitor the interest rate and exchange rate in the market and take appropriate countermeasures when necessary.

Contingent Liabilities

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

Financial Guarantee Obligations

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

Pledge of Assets

As at 31 December 2025, the Group had no pledge of assets.

Significant Investments Held, Material Acquisitions or Disposals, and Future Plans for Material Investments or Capital Assets

There were no significant investments held, or material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the Reporting Period, and the Company does not have any future plan for material investments or capital assets as at the date of this announcement.

Human Resources and Employee Compensation

As at 31 December 2025, the Group employed a total of 448 employees in China (31 December 2024: 441). During the Reporting Period, the total employee costs of the Group were approximately RMB110.30 million. The Group further strengthened the training of employees to enhance their professional level and overall quality, by providing targeted training courses to the management, management personnel at various positions, professional technical personnel and service personnel, and by distributing relevant policies and regulations, industry information and knowledge documents to employees. The Group also provided employees with competitive remuneration packages, which is generally structured with reference to market terms and individual merits and reviewed by the management on a regular basis, so as to encourage them to work hard and show their talents when serving customers.

EVENTS AFTER THE REPORTING PERIOD

In the meeting of the Board held on 31 March 2026, the Board proposed the payment of a final dividend of RMB0.30 per share, amounting to RMB60,814,350 (tax inclusive), for the year ended 31 December 2025. The source of the proposed dividend payment is from the retained profits. The proposed final dividend is subject to the approval by Shareholders at the forthcoming annual general meeting.

On 25 February 2026, the Group entered into the Property Sale and Purchase Contract with Huzhou Ruxin Construction Development Co., Ltd. ("**Ruxin Construction**"), pursuant to which the Group acquired the property located in Huzhou City, for a consideration of RMB42,750,000. Ruxin Construction is 100% indirectly owned by Huzhou City Investment and Development Group Co., Ltd., a controlling shareholder of the Company. Further details are set out in the Company's announcement dated 25 February 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL LITIGATION

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

USE OF NET PROCEEDS FROM LISTING

The H shares of the Company (the “**H Share(s)**”) were officially listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 July 2022. The net proceeds from the global offering of the H Shares (the “**Global Offering**”) (including proceeds from the additional H Shares issued and allotted pursuant to the exercise of the over-allotment option, and deducting the underwriting commissions and other estimated expenses in connection with the Global Offering and exercise of the over-allotment option) were approximately HK\$276.3 million (equivalent to RMB236.9 million) (the “**Net Proceeds**”). The Company has utilised and will utilise the Net Proceeds in accordance with the proportion of use allocation as stated under the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at 31 December 2025, the details of the use of the above Net Proceeds were as follows:

Designated use of Net Proceeds	% of Net Proceeds from the Global Offering	Net Proceeds from the Global Offering and use of proceeds			Expected to be utilised prior to the following date
		Amount allocated (RMB'000)	Utilised (RMB'000)	Unutilised (RMB'000)	
Enhance the sales volume of PNG by upgrading the Company's pipeline network and operational facilities	20%	47,400	47,400	0	
Expand the Company's business to other geographical areas through strategic acquisition	30%	71,000	0	71,000	By the end of 2026
Expand into distributed photovoltaic power generation business	30%	71,000	71,000	0	
Promote the use of heat energy from vapour generated by the Company's natural gas through natural gas boilers	10%	23,800	13,440	10,360	By the end of 2026
Working capital and general corporate purposes	10%	23,700	23,700	0	
Total	100%	236,900	155,540	81,360	

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

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wang Hua (汪驊), aged 49, is an executive Director and the chairman of the Board who is responsible for the overall day-to-day management of the business operation of the Group. Mr. Wang joined the Company in January 2020 as the chief financial officer. Mr. Wang was appointed a Director, the chairman of the Board and the legal representative of the Company on 21 April 2021 and was re-designated as an executive Director on 9 June 2021. Mr. Wang is also the chairman of the board and the legal representative of Huzhou Xiniao Gas Development Company Limited* (湖州新奧燃氣發展有限公司) and Huzhou Zhongshihua Xiniao Natural Gas Co., Ltd.* (湖州中石化新奧天然氣有限公司).

Mr. Wang has extensive experience in financial management. From December 1999 to May 2003, Mr. Wang served as a staff member of Huzhou Finance Bureau* (湖州市財政局). From May 2003 to March 2011, Mr. Wang successively served as a staff member and the deputy head of the integrated department of Huzhou Local Taxation Inspection Bureau* (湖州市地稅稽查局). From March 2011 to June 2013, Mr. Wang served as a deputy chief of the asset management department of Huzhou Finance Bureau* (湖州市財政局). From June 2013 to June 2014, Mr. Wang served as the vice-chairman of Huzhou Wuxing District Finance Bureau* (湖州市吳興區財政局). From June 2014 to January 2019, Mr. Wang served as the chairman of the finance department of Huzhou Economic and Technological Development Zone Management Committee* (湖州經濟技術開發區管委會). From January 2019 to May 2019, Mr. Wang served as a principal staff member of Huzhou Economic Development Zone Management Committee* (湖州經濟開發區管理委員會). From September 2019 to January 2020, Mr. Wang was a deputy sales general manager of the sales department of Huzhou Zhicheng Road Branch of DFZQ* (東方證券股份有限公司湖州志成路支行), a securities branch principally engaged in securities brokerage.

Mr. Wang graduated from Zhejiang Institute of Finance and Economics* (浙江財經學院) (currently known as Zhejiang University of Finance & Economics* (浙江財經大學)) in the PRC with a professional certificate in taxation in July 1999. He has been a senior economist in the PRC since 2021.

Mr. Wang Tao (王韜), aged 48, was appointed as an executive director on 25 April 2025.

Mr. Wang graduated from Hebei University of Economics and Business* (河北經貿大學) with a bachelor's degree. Mr. Wang Tao joined ENN Energy in 2001 and served as an accountant, a financial manager, a chief financial officer, a chief accountant and other financial management positions of ENN Energy Group. He currently is the financial professional convener of ENN Energy. Mr. Wang Tao has been engaged in financial management for many years and possesses extensive experience in corporate finance fund management, corporate internal control and financial management.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Sun Xiaohui (孫曉慧), aged 50, was an executive Director.

Ms. Sun has extensive experience in financial management. From December 1995 to March 1996, Ms. Sun worked as an accountant in Huzhou Architectural Design Research Institute* (湖州市建築設計研究院). From March 1996 to December 2002, Ms. Sun served as an accounting personnel in Huzhou Construction Industry Management Office* (湖州建築業管理處) of the Huzhou Municipal People's Government. From January 2003 to May 2013, Ms. Sun worked successively as accountant and deputy manager of the finance department of Huzhou Urban Construction, primarily engaged in infrastructure investment in Huzhou. From May 2013 to November 2016, Ms. Sun served as a manager of the financing department of Huzhou Urban Construction Development Centre* (湖州市城市建設發展中心). From November 2016 to September 2017, Ms. Sun returned to Huzhou Urban Construction and served as a deputy general manager. From September 2017 to April 2021, Ms. Sun successively served as deputy chief of the office (safety and security office) and deputy general manager of the planning and finance department of City Group. Ms. Sun joined the Company in April 2021 and has since served as the financial controller of the Company who is responsible for the overall financial and investments management of the Group. Since March 2025, Ms. Sun has been serving as the general manager of the operation management department (asset management department) of City Group.

Ms. Sun graduated from Hangzhou Institute of Commerce* (杭州商學院) (currently known as Zhejiang Gongshang University* (浙江工商大學)) in the PRC with a professional certificate in financial accounting in July 1995 and from Zhejiang Gongshang University with a master's degree in project management in October 2013. She has been a senior accountant since April 2010 and obtained the qualification of a senior professional accountant in November 2025.

NON-EXECUTIVE DIRECTORS

Mr. Gong Luojian (宮羅建), aged 54, was appointed as a non-executive director and vice chairman on 25 April 2025.

Mr. Gong holds a master degree of Business Administration from Nankai University* (南開大學) and an executive master's degree of Business Administration from Guanghua School of Management, Peking University* (北京大學光華管理學院). Mr. Gong worked for Jiangsu Taizhou Chunlan E-commerce Co., Ltd.* (江蘇泰州春蘭電子商務公司) and Jiangsu Chunlan Automobile Co., Ltd.* (江蘇春蘭自動車公司) respectively. Mr. Gong joined ENN Energy in 2007 and served as a marketing director, a corporate general manager and a regional general manager of ENN Energy. Mr. Gong served as the senior vice president of ENN Energy from January 2024 to February 2025. In addition to continuing to be responsible for the business in the Jiangsu region, he was also in charge of the overall development of ENN Energy's smart home business and customer service. Moreover, Mr. Gong has been serving as the president of ENN Energy since 25 February 2025. In conclusion, Mr. Gong has accumulated over 17 years of extensive experience in energy enterprise operation and market expansion. He has demonstrated outstanding leadership, strategic vision and execution ability throughout his career, and his innovative thinking, customer-oriented approach and strategic foresight are of great significance to the future development and market competition of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Sun Xiaowei (孫小偉), aged 39, was appointed as a non-executive director on 14 November 2025.

Mr. Sun has extensive experience in engineering management and project investment. From July 2009 to June 2016, Mr. Sun served as an engineering project manager in Huzhou City Construction Development Corporation* (湖州市城市建設發展總公司) (previously known as Huzhou City Zhongxing Construction Development, Co., Ltd.* (湖州市中興建設開發公司)). From June 2016 to January 2019, he successively served as the deputy manager of the first housing construction engineering department, the deputy director of the chief engineer office and the manager of the first housing construction department of Huzhou Urban Construction Investment Co., Ltd.* (湖州市城建設投資有限公司). From January 2019 to March 2021, Mr. Sun served as the deputy general manager of the project inspection department (safety office) of City Group. From March 2021 to March 2025, he successively served as a member of the Party Committee, the deputy general manager, the deputy secretary of the Party Committee, the vice chairman and the general manager of Huzhou City Water Group Co., Ltd.* (湖州市水務集團有限公司). Since March 2025, Mr. Sun has served as the general manager of the strategic investment department of City Group. Mr. Sun obtained a diploma in civil engineering from Shaoxing University Yuanpei College (紹興文理學院元培學院) in June 2009. He has been serving as an engineer since October 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chang Li Hsien Leslie (張立憲), aged 71, is an independent non-executive Director. Mr. Chang was appointed as an independent non-executive Director of the Company on 11 May 2021.

Mr. Chang has extensive experience in company operations, investment management, finance and professional accounting. From 1984 to 1994, Mr. Chang worked at the United States offices of KPMG (formerly known as KPMG Peat Marwick), where his last position was partner and director of Chinese Practice. Mr. Chang joined CITIC Pacific Limited (currently known as CITIC Limited) (stock code: 267) in August 1994. He was an executive director, deputy managing director and finance director when he resigned in October 2008, where he had overall responsibilities in accounting and financial management functions of the CITIC Pacific Group and engaged in management of several businesses of the group. From November 2006 to October 2008, Mr. Chang was an alternate director of the board of Cathay Pacific Airways Limited (stock code: 293). Mr. Chang had a temporary career break between October 2008 and March 2010. In April 2010, Mr. Chang was invited to serve as the managing director and chief financial officer of HKC (Holdings) Limited, the shares of which were listed on the Stock Exchange prior to its privatisation and withdrawal of listing in June 2021 (stock code: 190) and from September 2010 to December 2013, Mr. Chang was appointed as an executive director of the company chief executive officer. He was fully responsible for the management and operations of the group. During the same period, Mr. Chang was also the vice-chairman of the board and executive director of a subsidiary of the group listed on the Stock Exchange, China Renewable Energy Investment Limited (stock code: 987). From March 2011 to October 2014, Mr. Chang served as an independent non-executive director of Pou Sheng International (Holdings) Limited listed on the Stock Exchange (stock code: 3813), where he also served as a member of the audit committee of the board.

Since March 2014 up to June 2025, Mr. Chang has served as a senior advisor of CITIC Capital (Holdings) Limited. Since September 2020 up to now, Mr. Chang has served as an independent director of Canadian Solar Inc., which was listed on NASDAQ in the United States (stock code: CSIQ). He is currently the Lead Independent Director of the company and serves as the chairman of its Audit Committee. Mr. Chang also serves as a non-executive director of the board of CSI Solar Co., Ltd.* (阿特斯陽光電力集團股份有限公司), a holding subsidiary of Canadian Solar listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688472). Mr. Chang graduated from George Mason University in the United States with a bachelor's degree of business administration (major in accountancy) in May 1984. He was a licensed certified public accountant registered in the State of New York, USA. From the late 1980s up to now, Mr. Chang has been a member of the New York State Society of Certified Public Accountants, the American Institute of Certified Public Accountants, and the Hong Kong Institute of Certified Public Accountants. Since July 2012 up to now, he has been a member of the Chartered Global Management Accountants Association.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Dr. Lau Suet Chiu Frederic (劉雪樵), aged 74, is an independent non-executive Director. Dr. Lau was appointed as an independent non-executive Director on 11 May 2021.

Dr. Lau has extensive experience in financial regulation and management. From 1994 to 2004, Dr. Lau served in the Hong Kong Monetary Authority successively as a senior manager responsible for derivatives matters, the head of Banking Policy Division, the chief representative in New York and the director of the Banking Supervision Division. From 2005 to 2011, Dr. Lau was an executive director of Dah Sing Bank, where he was responsible for risk management functions of the bank. From March 2007 to January 2011, Dr. Lau served as an executive director of Dah Sing Banking Group Limited, a banking company listed on the Stock Exchange (stock code: 2356), and later served as a non-executive director between January 2011 and May 2011. From May 2011 to January 2014, Dr. Lau was an independent director of Shenzhen Development Bank Co., Ltd.* (深圳發展銀行股份有限公司) (subsequently renamed as Ping An Bank Co., Ltd.* (平安銀行股份有限公司)), a commercial bank. Since October 2017, Dr. Lau has served as a member of the global advisor committee, and subsequently the vice chairman of AMTD Group Company Limited, the holding company of AMTD International Inc. (“AMTD”), a Hong Kong financial services group listed on the New York Stock Exchange (stock code: HKIB), chairman of the executive committee of AMTD Group Company Limited and the president and a director of AMTD Digital Inc., a company listed on the New York Stock Exchange on 15 July 2022 (stock code: HKD), a subsidiary of AMTD. Dr. Lau resigned from all the executive and non-executive positions at AMTD Digital Inc. and AMTD Group on 30 September 2022. From May 2019 to October 2020, Dr. Lau served as the chief executive officer of Airstar Bank Limited, a Hong Kong virtual bank of which AMTD is a shareholder, and was a director of the bank. Dr. Lau resigned the position as a director of Airstar Bank on 10 February 2023.

Dr. Lau graduated from the University of South Australia in Australia with a doctor of philosophy in Business and Management (Economics) in June 2004.

Mr. Zhou Xinfa (周鑫發), aged 70, is an independent non-executive Director. Mr. Zhou was appointed as an independent non-executive Director on 11 May 2021. Mr. Zhou has extensive experience in energy research and engineering. For example, he was appointed as the director of provincial key laboratory at Zhejiang Energy and Nuclear Technology Application Research Institute* (浙江省能源與核技術應用研究院), which is principally engaged in research and development of new energy and nuclear technology, in August 2013. Mr. Zhou has served as an independent director in Hengsheng Energy Co., Ltd.* (恒盛能源股份有限公司), a Chinese energy company listed on the National Equities Exchange and Quotations (stock code: 872062), an independent director in SolaX Power Network Technology (Zhejiang) Co., Ltd. (浙江艾羅網絡能源技術股份有限公司), a PRC network power technology company listed on the Shanghai Stock Exchange on January 2024 (stock code: 688717) and an independent non-executive director in JiaXing Gas Group Co., Ltd.* (嘉興市燃氣集團股份有限公司), a gas company based in Jiaying City, Zhejiang Province listed on the Stock Exchange (stock code: 9908) since July 2019, December 2020 and June 2021, respectively.

Mr. Zhou graduated from Zhejiang University* (浙江大學) in the PRC with a master's degree in engineering in January 1992. He has been conferred the qualification of professor-level senior engineer in December 2006 by the Department of Personnel of Zhejiang Province* (浙江省人事廳).

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EMPLOYEE REPRESENTATIVE DIRECTOR

Ms. Yao Yanli (姚艷麗), aged 41, was appointed as an employee representative director on 14 November 2025. She is the Director of the General Administration Office of the Company, responsible for the Company's administration, logistics, mass organizations, service management office and other related work.

Ms. Yao has extensive experience in comprehensive management. She joined the Company in March 2006 and has successively held positions including Customer Service Department Staff, Administrative Assistant of the General Administration Office, Personnel and Labor Management Specialist, Assistant for Party Building and Trade Union Affairs, Assistant Director, and Deputy Director of the General Management Office. Ms. Yao graduated from Jiaying Vocational & Technical College (嘉興職業技術學院) in July 2005, obtaining a professional certificate in Computer Technology and Application. She further graduated from The Open University of China (中央廣播電視大學) in January 2009, obtaining a professional certificate in Business Administration. She has been certified as a Level-2 Labor Relations Coordinator (二級勞動關係協調員) since July 2020, an Intermediate Political Engineer (中級政工師) since August 2024 and a Level 1 Human Resources Manager (一級人力資源管理師) since December 2025.

SUPERVISORS

The Company no longer establishes a Supervisory Committee and all of the Supervisors resigned as Supervisors of the Company accordingly with effect from 14 November 2025.

Ms. Xing Yan (邢燕), aged 49, was appointed as a Supervisor on 25 April 2024, and responsible for supervision of the Board and senior management. Ms. Xing has extensive experience in management. From June 2011 to February 2012, Ms. Xing served as the deputy general manager of the investment management department in Panjialang of Huzhou City Construction Investment Group* (湖州市城市建設投資集團公司). From 2012 to January 2019, she held positions at Huzhou City Investment Asset Management Company Limited* (湖州市城投資產管理有限公司) (formerly known as Aishan Plaza Construction Investment Co., Ltd.* (愛山廣場建設投資有限公司)), a wholly-owned subsidiary of City Group principally engaged in asset management, including deputy general manager of the property management centre, deputy general manager of the general management department, general manager of the property management centre, manager of the general department, manager of the neighbourhood department and assistant to the general manager. From January 2019 to June 2023, Ms. Xing served as the deputy general manager of the asset management department of Huzhou City Investment Development Group Co., Ltd.* (湖州市城市投資發展集團有限公司). Since June 2023, she has been serving as the executive deputy general manager of the business management department (asset management department) of Huzhou City Investment Development Group Co., Ltd.* (湖州市城市投資發展集團有限公司). Since March 2024, she has been serving as the general manager of Legal Affairs and Auditing Department of Huzhou City Investment Development Group Co., Ltd.

Ms. Xing obtained a diploma in Chinese language and literature education from the Department of Chinese of Anhui Normal University* (安徽師範大學) in July 1995. She then graduated from Dalian University of Technology* (大連理工大學) with a top-up degree in real estate management in January 2010. She became a senior economist in the PRC in December 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Cai Rui (蔡銳), aged 51, is a Supervisor who is responsible for supervision of the Board and senior management.

Mr. Cai has extensive experience in legal and compliance matters. From November 2006 to April 2007, Mr. Cai interned at the legal centre of ENN Group. From April 2007 to January 2008, Mr. Cai served as a senior legal manager of the risk management office in ENN Group. Since January 2008, Mr. Cai has been working in ENN Energy, a substantial shareholder of the Company, where he successively served as the senior legal manager and director of contract management of legal department, senior attorney and deputy chief of risk management department, deputy chief and chief of legal department and deputy convenor of the legal matter empowerment group. He is currently the legal matters professional convenor of the legal matter and compliance empowerment group of ENN Energy. Since December 2018, Mr. Cai has served as a Supervisor of the Company, and a supervisor of Nanxun Xinao and Nanxun Xinao Development, respectively.

Since September 2021, he has also served as the supervisor of Deqing Xinrui. Mr. Cai graduated from Xi'an Jiaotong University* (西安交通大學) in the PRC with a bachelor's degree in economic law in July 1998. He obtained the legal professional qualification certificate in the PRC in February 2005.

Mr. Shen Jiahui (沈佳輝), aged 35, was elected as the employee representative Supervisor on 26 March 2025. He is responsible for the operation management of our gas pipeline network and supervision of the Board and senior management.

Mr. Shen joined the Company in 2015 and served as a maintenance and repair staff of the operation department, an assistant to the manager of the operation department, a deputy manager of the operation department, and a manager of the station department. He is currently the manager of the operation department of our Company. Mr. Shen has been engaged in gas operation for many years and has extensive experience in gas pipeline network operation, industrial and commercial customer management and gas source procurement.

Mr. Shen graduated from Ningbo Tech University, Zhejiang University* (浙江大學寧波理工學院) with a bachelor's degree.

SENIOR MANAGEMENT

Mr. Li Haixiao (李海笑), aged 48, is the former general manager of the Company who is responsible for the overall management of the business operations of the Group.

Mr. Li has extensive experience in management in the gas industry. He had spent his entire career working in companies principally engaged in supply of gas in the PRC. From February 2003 to December 2005, Mr. Li worked as a manager in the production and engineering departments of Nanjing Gaochun Towngas China Company Limited* (南京高淳港華燃氣有限公司) (then known as Nanjing Baijiang Pipe Gas Company Limited* (南京百江管道燃氣有限公司)). From February 2006 to November 2009, Mr. Li served as the director of business development of the Nanjing Office of The Hong Kong and China Gas Company Limited, a gas, water supply and energy company in Hong Kong and the PRC listed on the Stock Exchange (stock code: 3), where he was responsible for developing the company's business in Nanjing, the PRC. From November 2009 to August 2012, Mr. Li served as the general manager of Suining Towngas China Company Limited* (睢寧港華燃氣有限公司), a gas company. From September 2012 to August 2013, Mr. Li worked as the standing deputy general manager of Taizhou Towngas China Company Limited* (泰州港華燃氣有限公司), a gas company. Mr. Li joined ENN Group in September 2013 as a temporary staff member of human resources department. From December 2013 to December 2018, Mr. Li successively served as assistant to general manager, general manager of Ningbo area and general manager of ENN Group's Zhejiang marketing and sales centre. Mr. Li served as the general manager of Nanxun Xinao from January 2019 to February 2020. From January 2020 to February 2026, he served as the general manager of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Li graduated from Chongqing University* (重慶大學) in the PRC with a bachelor's degree in urban gas engineering in June 2002, and he has been a senior economist in the PRC since 2022.

Mr. Zhang Hongyuan (張宏遠), aged 45, is the general manager of the Company who is responsible for the overall management of the business operations of the Group. He also serves as the chairman of Huzhou Xinao Energy Development Co., Ltd.* (湖州新奧能源發展有限公司), a director of Huzhou Huran New Energy Development Co., Ltd.* (湖州湖燃新能源開發有限公司), a director of Huzhou Nanxun Xinao Gas Company Limited* (湖州南潯新奧燃氣有限公司), a director of Huzhou Nanxun Xinao Gas Development Company Limited* (湖州南潯新奧燃氣發展有限公司), and the general manager of Huzhou Xinao Gas Development Company Limited* (湖州新奧燃氣發展有限公司).

Mr. Zhang has extensive management experience in the gas industry. He has spent his entire career working with companies principally engaged in natural gas supply in China. From September 2003 to December 2003, Mr. Zhang served as a designer at Dongguan City Pipeline Gas Engineering Company (東莞市管道煤氣工程公司). After joining ENN Group in December 2003, Mr. Zhang served as the assistant owner's representative of the engineering and technology department of Dongguan Xinao Gas Co., Ltd. From February 2004 to May 2006, Mr. Zhang served as an owner's representative of the engineering and technology department of Beihai Xinao Gas Co., Ltd. From May 2006 to December 2008, Mr. Zhang served as the manager of the engineering and technology department of Dongguan Changan Xinao Gas Co., Ltd. From January 2009 to May 2010, Mr. Zhang served as the deputy director of the general office of Dongguan Vehicle Gas Development Co., Ltd. From May 2010 to February 2012, Mr. Zhang served successively as the assistant general manager and deputy general manager of Dongguan Vehicle Gas Development Co., Ltd. From February 2012 to February 2013, Mr. Zhang served as the deputy general manager of Dongguan Xinao Gas Co., Ltd. High-pressure Pipe Network Operation Branch (東莞新奧燃氣有限公司高壓管網公司). From February 2013 to July 2019, Mr. Zhang served successively as the deputy general manager, executive deputy general manager, acting general manager and general manager of Heyuan Xinao Gas Co., Ltd. From July 2019 to May 2021, Mr. Zhang served as the general manager of Zhanjiang Xinao Gas Co., Ltd. From May 2021 to February 2026, Mr. Zhang served as the general manager of Guangzhou Panyu Xinao Gas Co., Ltd. Mr. Zhang joined the Company in February 2026 and was appointed as the general manager of the Company, the chairman of Huzhou Xinao Energy Development Co., Ltd., a director of Huzhou Huran New Energy Development Co., Ltd., a director of Huzhou Nanxun Xinao Gas Company Limited, a director of Huzhou Nanxun Xinao Gas Development Company Limited and a manager of Huzhou ENN Gas Development Co., Ltd.

Mr. Zhang graduated from Beijing Jiaotong University in July 2003 with a certificate in civil engineering studies, and obtained his master's degree in building environment and civil engineering from Chongqing University in July 2003.

Ms. Zeng Jie (曾潔), aged 45, is the executive deputy general manager of the Company and is responsible for business performance appraisal, human resources management, bidding and procurement, administrative management, asset management, logistics support, market development and other matters. She is also the deputy general manager of Xinao Development and the general manager of CECEP (Huzhou) Intelligent Technology Development Co., Ltd* (中節能(湖州)智能科技發展有限公司).

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Zeng has extensive experience in market investment promotion and corporate management. From December 1998 to December 2003, she served in Unit 73011 of the Chinese People's Liberation Army. From January 2004 to April 2007, she served as a staff member of the Agricultural Comprehensive Service Center in Nanxun Town, Huzhou City. From May 2007 to August 2013, she served as an investment promotion officer of the Investment Promotion Office of the People's Government of Balidian Town, Wuxing District, Huzhou City. From August 2013 to April 2014, she served as a staff member of the Investment Promotion Service Bureau of the Management Committee of Huzhou South Taihu High-tech Industrial Park. From April 2014 to April 2015, she served as the deputy director of the Project Service Center of the Management Committee of Huzhou South Taihu High-tech Industrial Park. From April 2015 to January 2016, she served as the deputy director of the Project Service Center of the Investment and Trade Promotion Center of the Management Committee of Huzhou South Taihu High-tech Industrial Park. From January 2016 to August 2016, she served as the deputy director of the Science and Technology Talent Innovation Center of the Management Committee of Huzhou South Taihu High-tech Industrial Park. From August 2016 to July 2020, she served as a cadre of the Science and Technology Talent Innovation Center of the Management Committee of Huzhou South Taihu High-tech Industrial Park. From July 2020 to February 2023, she served as deputy general manager of China Energy Conservation (Huzhou) Technology City Investment and Construction Development Co., Ltd. (中節能(湖州)科技城投資建設發展有限公司). From February 2023 to May 2023, she served as the deputy general manager (general manager level) of Huzhou Talent Development Group Co., Ltd. (City Investment Assets Management Co., Ltd.). From May 2023 to June 2023, she served as deputy general manager (general manager level) of Huzhou Talent Development Group Co., Ltd. From June 2023 to March 2025, she served as the executive deputy general manager (general manager level) of Huzhou Talent Development Group Co., Ltd. From April 2023 to September 2025, she served as the general manager of China Energy Conservation (Huzhou) Technology City Investment and Construction Development Co., Ltd. In April 2023, she served as the general manager of China Energy Conservation (Huzhou) Intelligent Technology Development Co., Ltd (中節能(湖州)智能科技發展有限公司). Since joining the Company in March 2025, she has served as the executive deputy general manager (general manager level) of the Company.

Ms. Zeng graduated from the People's Liberation Army Army Officer Academy (中國人民解放軍陸軍軍官學院) in the PRC with a bachelor's degree in management in June 2012.

Mr. Li Pang (李龐), aged 55, is a deputy general manager of the Company who is responsible for the station management of the Group and project quality management. He also serves as the general manager of Huzhou Xinao Energy Development. Mr. Li has extensive experience in gas engineering construction. He engaged in project development at the project department of Xinao Gas Shanghai Regional Coordination Centre* (新奧燃氣上海區域協調中心) from February 2002 to February 2003; served as a planning statistician in the planning and finance department of Quzhou Xinao Gas Company Limited* (衢州新奧燃氣有限公司) from March 2003 to June 2003; served as a budget officer in the planning and finance department of Jinhua Xinao Gas Company Limited* (金華新奧燃氣有限公司) from July 2003 to February 2004; served as the deputy director of the engineering technology department of Jinhua Xinao Gas Company Limited from March 2004 to June 2005; served as the director of the engineering technology department of Jinhua Xinao Gas Company Limited from June 2005 to June 2006; served as the director of the operations department of Jinhua Xinao Gas Company Limited from June 2006 to June 2007; served as the chief of the security department of Jinhua Xinao Gas Company Limited from July 2007 to December 2007; served as the assistant to general manager, chief of the security department (concurrently held from January 2008 to January 2009), and director of the engineering technology department (concurrently held from March 2008 to January 2009) of Jinhua Xinao Gas Company Limited from January 2008 to August 2017; served as the deputy general manager of Jinhua Xinao Gas Company Limited from September 2017 to November 2017; served as the deputy general manager of Sinopec Zhejiang Xinao (Zhoushan) Gas Co., Ltd.* (浙石化新奧(舟山)燃氣有限公司) from December 2017 to February 2018; served as the deputy general manager of Zhoushan Blue Flame Gas Co., Ltd.* (舟山市藍焰燃氣有限公司) from March 2018 to September 2020; served as the acting general manager (concurrently held) of Zhoushan Dinghai Xinao Energy Development Co., Ltd.* (舟山市定海新奧能源發展有限公司) from August 2019 to September 2020. He joined the Company in September 2020 and has since served as the deputy general manager. He was appointed as the general manager of Huzhou Xinao Energy Development in October 2024.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Li graduated from Sichuan Architecture Materials Industry College* (四川建築材料工業學院) (currently known as Southwest University of Science and Technology* (西南科技大學)) with a professional certificate in machinery manufacturing technology and equipment in July 1992, and from Tongji University with a master's degree in engineering in June 2017. He has been a senior engineer since November 2013.

Ms. Zheng Jie (鄭婕), aged 48, is chief financial officer and secretary to the Board of the Company who is responsible for the financial management and the secretarial matters of the Board of the Group. She is also the financial controller of Xiniao Development, the vice chairman of Xiniao Energy Development and a director of Nanxun Xiniao Development.

Ms. Zheng has extensive experience in customer service, market development and corporate management. She served as a financial accountant at Huzhou Information Industry Development Corporation* (湖州市信業發展總公司) from August 1996 to December 2000; served as the customer representative and meter reader for Huzhou Guowei Pipeline Gas Co., Ltd.* (湖州國威管道燃氣有限公司) from January 2001 to January 2003; served as the director of the marketing department of Huzhou Guowei Pipeline Gas Co., Ltd. from January 2003 to October 2005. From November 2005 to January 2019, she successively served as the director of customer service department, marketing director of marketing department, deputy manager of customer service department, manager of customer service department, manager of marketing department, and senior manager of marketing department at Huzhou Hong Kong and China Gas Company Limited* (湖州港華燃氣有限公司). From February 2019 to March 2023, she served as the marketing director of Huzhou Hong Kong and China Gas Company Limited. She served as the general manager (concurrently held) of Huzhou Hong Kong and China Technology and Energy Company* (湖州港華科技能源公司) from June 2020 to March 2023, and the head (concurrently held) of Huzhou Branch of Hong Kong and China Home Delivery (Hangzhou) Information Technology Company Limited* (港華到家(杭州)信息技術有限公司湖州分公司) from December 2021 to March 2023. From June 2023 to April 2025, she served as the chairman of the Board of Huran New Energy. She joined the Company in April 2023 and has been serving as a deputy general manager of the Company ever since. She was appointed as a director of Nanxun Xiniao Gas Development in June 2023 and as the vice chairman of Xiniao Energy Development in June 2025.

Ms. Zheng graduated from Southwest University of Science and Technology* (西南科技大學) with a professional certificate in economic management in June 2006. She has been an intermediate economist since November 2024.

Mr. Xu Fazhong (徐發忠), aged 43, is a deputy general manager of the Company who is responsible for gas source coordination, the operation of gas pipeline network, Intelligent O&M Centre as well as the safe operation and management of the Company.

Mr. Xu has extensive experience in the operation and safety management of gas pipeline network. He served as the R&D specialist in the transmission and distribution technology department of the Xiniao Gas Technology Research Institute* (新奧燃氣技術研究院) from June 2008 to March 2010; served as the R&D supervisor of the transmission and distribution technology department at the Xiniao Gas Technology Research Institute from April 2010 to December 2012; served as the operation management manager of the technical management department of ENN Gas Holding from January 2013 to January 2016; served as the deputy director and director of technical safety at the Zhejiang Regional Market and Sales Center of ENN* (新奧浙江區域市場與銷售中心) from February 2016 to July 2022; served as the deputy general manager of Xiaoshan Xiniao Gas. from August 2022 to July 2023. He joined the Company in July 2023 and has been serving as a deputy general manager ever since.

Mr. Xu graduated from Southwest Petroleum University* (西南石油大學) in June 2008 with a master's degree in heating, gas supply, ventilation, and air conditioning engineering. He has been an intermediate engineer since November 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Pan Hongyan (潘紅燕), aged 44, is the deputy general manager of the Company and is responsible for customer service management and value-added business development. She is also the deputy general manager of Xinao Energy Development.

Ms. Pan has extensive experience in corporate administration and human resources management. From May 2005 to August 2005, she served as an employee of Huzhou Xingxing Construction and Development Co., Ltd* (湖州星星建設開發有限公司). From August 2005 to April 2006, she served as an employee of Wuxing District Employment Management Service Office. From April 2006 to March 2017, she served as an employee of Huzhou Zhongxing Construction and Development Company. From March 2017 to April 2018, he served as deputy director of the office of Huzhou Urban Construction Investment Group Co., Ltd* (湖州市城建設投資集團有限公司). From April 2018 to February 2020, she served as the deputy director of the organization and publicity department of Huzhou Urban Construction Investment Group Co., Ltd. From February 2020 to March 2020, she served as the deputy director of the office (in charge of work) of Huzhou Urban Construction Investment Group Co., Ltd. From March 2020 to March 2025, she served as the director of the office of Huzhou Urban Construction Investment Group Co., Ltd. Since joining the Company in March 2025, she has been the deputy general manager of the Company and the deputy general manager of Xinao Energy Development since June 2025.

Ms. Pan graduated from Tianjin University of Technology in July 2010. She has been an Intermediate engineer since December 2020.

Mr. Wang Tao (王濤), aged 45, is the safety director of the Company and is responsible for the Group's comprehensive safety, corporate technology innovation research and development management, occupational health management and metrology management. He is also a director of Xinao Gas Development.

Mr. Wang has extensive experience in gas safety management. From July 2002 to August 2004, he served as a technician in the operation department of Bengbu Xinao Gas Company Limited* (蚌埠新奧燃氣有限公司). Since joining the Company in August 2004, he has successively served as a technician and deputy director of the operation department, director of the vehicle gas business department, head of the dispatching center, deputy director of the customer service department, deputy director and director of the safety and technology department and director of the HSE office. In April 2024, he served as the safety director of the Company, and in June 2025, he served as the director of Xinao Gas Development.

Mr. Wang graduated from Henan Urban Construction College with a professional certificate in heating, air conditioning and gas engineering in July 2002 and from Huzhou Radio and Television University with a professional certificate in administrative management in July 2012. He has been a Level 1 Certified Fire Engineer since November 2016 and a senior engineer of gas engineering since December 2022.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Ms. Zheng Jie (“**Ms. Zheng**”) has been appointed as the joint company secretary of the Company on 30 June 2025. Ms. Zheng is one of the senior management. Please refer to the paragraph headed “Senior Management” above for his biography.

Ms. Lee Mei Yi (“**Ms. Lee**”) has been appointed as the joint company secretary with effect from 11 August 2022. She has been an executive director of Corporate Services of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services. Ms. Lee has over 25 years of experience in the corporate secretarial field, holds an Honours Bachelor’s Degree in Accountancy and is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

REPORT OF THE DIRECTORS

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

PRINCIPAL BUSINESSES

The Group's principal businesses include (i) the sale of gas, mainly PNG (under the concessions) and LNG in Huzhou; (ii) the provision of construction and installation services to construct and install end-user pipeline network and gas facilities for customers such as property developers and owners or occupants of residential and non-residential properties; and (iii) other businesses, including the sale of household gas appliances and relevant equipment, energy, distributed photovoltaic power and the leasing of properties in the PRC.

BUSINESS REVIEW

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

RESULTS

The Group's profits for the year ended 31 December 2025 and the Group's financial position as at 31 December 2025 are set out in the consolidated financial statements on pages 73 to 177 of this annual report.

ANNUAL GENERAL MEETING

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

FINAL DIVIDEND

The Board resolved to propose the payment of a final dividend of RMB0.30 (tax inclusive) per share for the Year (the "**2025 Final Dividend**") with an aggregate amount of RMB60,814,350 (tax inclusive) to Shareholders (whether holders of H Shareholders or Shareholders of Domestic Shares) with their names appearing on the Company's register of members on Friday, 12 June 2026, subject to the approval by the Shareholders at the AGM. Subject to the passing of the relevant resolution at the AGM, the 2025 Final Dividend is expected to be paid around Friday, 3 July 2026.

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

REPORT OF THE DIRECTORS

TAX

Under the requirements of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》) and the Regulations for the Implementation of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) implemented in 2008, the Company has the obligation to withhold enterprise income tax at a rate of 10% on dividends when it pays the 2025 Final Dividend to H Shareholders who are overseas non-resident enterprises (including HKSCC Nominees Limited, other enterprise nominees or trustees, or other organizations and groups) with their names appearing on the H Share register of members on Friday, 12 June 2026.

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

The Company will determine the residential status of the individual H Shareholders based on the registered address as recorded in the H Share register of members of the Company on Friday, 12 June 2026. If the residential status of individual H Shareholders is not the same as their registered address or if the individual H Shareholders would like to apply for a refund of the additional amount of tax that has been withheld, the individual H Shareholders shall notify and provide relevant supporting documents to the Company on or before Wednesday, 10 June 2026. Upon the supporting documents being reviewed by the relevant tax authorities, the Company will follow the guidance from the tax authorities to implement relevant withholding provisions and arrangements. Individual H Shareholders may either personally or appoint an agent to handle the relevant procedures in accordance with the relevant requirements under the tax treaties notice if they fail to provide the relevant supporting documents to the Company before the time limit stated above.

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

REPORT OF THE DIRECTORS

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the rights of H Shareholders to attend and vote at the AGM and their entitlements to the 2025 Final Dividend, the H Share register of members of the Company will be closed in the following periods, the details of which are set out as below:

- (1) For determining the rights of H Shareholders to attend and vote at the AGM

Latest time to lodge transfer documents of shares for registration	4:30 p.m. on Monday, 1 June 2026
Closure of register of members (both days inclusive)	Tuesday, 2 June 2026 to Friday, 5 June 2026
Record date	Friday, 5 June 2026

- (2) For determining the entitlements of H Shareholders to the 2025 Final Dividend

Latest time to lodge transfer documents of shares for registration	4:30 p.m. on Wednesday, 10 June 2026
Closure of register of members (both days inclusive)	Thursday, 11 June 2026 to Friday, 12 June 2026
Record date	Friday, 12 June 2026

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

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 178 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

As at 31 December 2025, the total share capital of the Company was RMB202,714,500, divided into 202,714,500 Shares (including 150,000,000 Domestic Shares and 52,714,500 H Shares) with a nominal value of RMB1.00 each. Details of movements of the Company's share capital during the year ended 31 December 2025 are set out in note 32 to the consolidated financial statements of this annual report.

PROPERTY, PLANT AND EQUIPMENT

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

RESERVES

Details of the movements in the reserves of the Group during the year ended 31 December 2025 are set out in note 33 to the consolidated financial statements and in the consolidated statement of changes in equity of this annual report.

As at 31 December 2025, the distributable reserves of the Company was approximately RMB4.97 million.

BANK BORROWINGS AND OTHER BORROWINGS

Details of the Group's bank borrowings are set out in Note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to issue new issues to its existing Shareholders in proportion to their shareholdings.

PRINCIPAL RISKS AND UNCERTAINTIES

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

1. Our business is subject to the development of PRC government policies and any future changes in laws or regulations or enforcement policies could materially and adversely affect our business, operating results and financial condition.
2. Our concessions for the operation of our PNG business will expire or may be terminated before expiration and we may not be able to renew our existing concessions or secure new concessions.
3. We are affected by risks arising from the PRC government's price control regime for PNG. For example, given there is generally a time gap between the increase in our purchase price before the increase in our selling price, any price adjustment may negatively affect our profit margin for the relevant period.
4. We require various licences and permits to commence, operate and expand our business operation. Any failure to obtain or renew any or all of these licences and permits or any failure to take legal action against our non-compliance incident may materially and adversely affect our business and expansion plans.
5. We may not have adequate insurance to cover all hazards common to the natural gas industry to which our operations are subject.
6. We require substantial funding for our current and future projects. In addition, the capital expenditures actually required could be higher than expected due to various reasons which are beyond our control. Any failure to obtain adequate funding, or at all, could adversely affect our financial condition and results of operations and could prevent us from fulfilling our financial obligations and business objectives.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the year ended 31 December 2025 and up to the Latest Practicable Date (“**Second Session of the Board of Directors**”) were as follows:

Executive Directors

Mr. Wang Hua (*Chairman*)
Ms. Sun Xiaohui
Mr. Wang Tao (*Appointed on 25 April 2025*)
Mr. Yang Fan (*Resigned on 25 April 2025*)

Non-executive Directors

Mr. Gong Luojian (*Appointed on 25 April 2025*)
Mr. Sun Xiaowei (*Appointed on 14 November 2025*)
Mr. Liu Jianfeng (*Resigned on 25 April 2025*)
Mr. Wang Peng (*Resigned on 14 November 2025*)

Independent Non-executive Directors

Mr. Chang Li Hsien Leslie
Dr. Lau Suet Chiu Frederic
Mr. Zhou Xinfa

Employee Representative Director

Ms. Yao Yanli (*Appointed on 14 November 2025*)

SUPERVISORS

The Supervisors during the year ended 31 December 2025 and up to the Latest Practicable Date (“**Second Session of the Supervisory Committee**”) were as follows:

Ms. Xing Yan (*Chairman*)
Mr. Cai Rui
Mr. Shen Jiahui

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

Note: Since 14 November 2025, the Company no longer maintains a Supervisory Committee and all Supervisors have resigned from their positions as Supervisors of the Company.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors has entered into a service contract with the Company for a term of three years from the date of appointment until the expiration of the term of office of the Second Session of the Board. Such appointments are subject to the relevant provisions of the Articles of Association with regard to vacation of office of Directors, removal and re-election of Directors.

Each of the Supervisors has entered into a service contract with the Company for a term of three years from the date of appointment until the expiration of the term of office of the Second Session of the Supervisory Committee. Such appointments are subject to the relevant provisions of the Articles of Association with regard to vacation of office of Supervisors, removal and re-election of Supervisors. In accordance with the relevant laws, regulations and the provisions of the Articles of Association, since 14 November 2025, the Company no longer maintains a Supervisory Committee and all Supervisors have resigned from their positions as Supervisors of the Company.

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

REMUNERATION POLICY AND DIRECTORS' AND SUPERVISORS' REMUNERATION

In compliance with the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. Details of the remuneration of the Directors, Supervisors and the five highest paid individuals are set out in note 8 and note 9, respectively, to the consolidated financial statements. Since 14 November 2025, the Company no longer maintains a Supervisory Committee and all Supervisors have resigned from their positions as Supervisors of the Company.

There were no emoluments paid by the Group to any of the Directors, Supervisors or the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors, Supervisors nor any entity related to (connected with) them had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year ended 31 December 2025.

CONTROLLING SHAREHOLDER'S INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "(Continuing) Connected Transactions" and note 37 to the consolidated financial statements of this annual report, no contracts of significance in relation to the Group's business between the Company, or any of its subsidiaries and a controlling shareholder or any of its subsidiaries nor contract of significance in relation to the Group's business whether or not for provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted during or at the end of the year ended 31 December 2025.

REPORT OF THE DIRECTORS

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

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

MANAGEMENT CONTRACT

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

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

As at 31 December 2025, so far as is known to the Directors, none of the Directors, Supervisors or chief executives of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

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

Interests and short positions in the Shares and underlying Shares of the Company:

Name	Class of Shares	Capacity	Number of Shares ¹	Approximate percentage of shareholding in the relevant class of Shares ²	Total approximate percentage of shareholding in the total share capital of the Company ³
City Group	Domestic Shares	Beneficial owner	89,457,540 (L)	59.64%	44.13%
Huzhou SASAC ⁴	Domestic Shares	Interest in a controlled corporation	89,457,540 (L)	59.64%	44.13%
ENN (China)	Domestic Shares	Beneficial owner	60,542,460 (L)	40.36%	29.87%
ENN Capital Management Co., Ltd. (新奧資本管理有限公司) ⁵	Domestic Shares	Interest in a controlled corporation	60,542,460 (L)	40.36%	29.87%

REPORT OF THE DIRECTORS

Name	Class of Shares	Capacity	Number of Shares ¹	Approximate percentage of shareholding in the relevant class of Shares ²	Total approximate percentage of shareholding in the total share capital of the Company ³
ENN Energy Holdings Limited (新奧能源控股有限公司) ⁵	Domestic Shares	Interest in a controlled corporation	60,542,460 (L)	40.36%	29.87%
ENN Group International Investment Limited (新奧集團國際投資有限公司) ⁵	Domestic Shares	Interest in a controlled corporation	60,542,460 (L)	40.36%	29.87%
ENN Investment Holdings Company Limited (新奧控股投資股份有限公司) ⁵	Domestic Shares	Interest in a controlled corporation	60,542,460 (L)	40.36%	29.87%
ENN Natural Gas Co., Ltd. (新奧天然氣股份有限公司) ⁵	Domestic Shares	Interest in a controlled corporation	60,542,460 (L)	40.36%	29.87%
ENN Yingchuang Technology Co., Ltd. (新奧贏創科技有限公司) ⁵	Domestic Shares	Interest in a controlled corporation	60,542,460 (L)	40.36%	29.87%
Langfang City Natural Gas Company Limited (廊坊市天然氣有限公司) ⁵	Domestic Shares	Interest in a controlled corporation	60,542,460 (L)	40.36%	29.87%
Xinneng (Hong Kong) Energy Investment Limited (新能(香港)能源投資有限公司) ⁵	Domestic Shares	Interest in a controlled corporation	60,542,460 (L)	40.36%	29.87%
WANG Yusuo (王玉鎖) ⁵	Domestic Shares	Interest in a controlled corporation	60,542,460 (L)	40.36%	29.87%
ZHAO Baoju (趙寶菊) ⁵	Domestic Shares	Interest in a controlled corporation	60,542,460 (L)	40.36%	29.87%
SDIC Taikang Trust Co., Ltd.* (國投泰康信託有限公司) ⁶	H Shares	Trustee	15,000,000 (L)	28.46%	7.40%
Orient Fund Management Co., Ltd.* (東方基金管理股份有限公司) ⁷	H Shares	Trustee	8,000,000 (L)	15.18%	3.95%
BOCOM International Securities Company Limited	H Shares	Person having a security interest in shares	7,500,000 (L) 7,500,000 (S)	14.23% 14.23%	3.70% 3.70%
BOCOM International Holdings Company Limited ⁸	H Shares	Interest in a controlled corporation	7,500,000 (L) 7,500,000 (S)	14.23% 14.23%	3.70% 3.70%
Bank of Communications (Nominee) Company Limited ⁸	H Shares	Interest in a controlled corporation	7,500,000 (L) 7,500,000 (S)	14.23% 14.23%	3.70% 3.70%
Bank of Communications Co., Ltd. ⁸	H Shares	Interest in a controlled corporation	7,500,000 (L) 7,500,000 (S)	14.23% 14.23%	3.70% 3.70%
NEW PARTNER INTL LTD	H Shares	Beneficial owner	3,700,000 (L)	7.02%	1.83%
Meng Erhu (蒙二虎) ⁹	H Shares	Interest in a controlled corporation	3,700,000 (L)	7.02%	1.83%
Wu Shuying (吳淑英) ⁹	H Shares	Interest of spouse	3,700,000 (L)	7.02%	1.83%
Yu Linqiang (郁林強)	H Shares	Beneficial owner	2,800,000 (L)	5.31%	1.38%
Yu Rongfang (郁蓉芳) ¹⁰	H Shares	Interest of spouse	2,800,000 (L)	5.31%	1.38%

REPORT OF THE DIRECTORS

Notes:

1. The letter “L” denotes the Shareholder’s long position in the Shares and underlying Shares of the Company. The letter “S” denotes the Shareholder’s short position in the Shares and underlying Shares of the Company.
2. The calculation of approximate percentage of Domestic Shares’ shareholding in the relevant class of Shares and that of H Shares’ shareholding in the relevant class of Shares are based on the total number of 150,000,000 Domestic Shares and 52,714,500 H Shares in issue as at 30 June 2024 respectively.
3. The calculation is based on the total number of 202,714,500 Shares in issue as at 30 June 2024.
4. As at 30 June 2024, City Group was a controlling shareholder of the Company, which was wholly-owned by Huzhou SASAC. Under the SFO, Huzhou SASAC was deemed to be interested in the same number of Shares in which City Group was interested.
5. As at 30 June 2024, according to the disclosure of interest forms filed to the Stock Exchange by their controlled corporations and persons, they were deemed to be interested in the same number of Shares in which ENN (China) was interested.
6. SDIC Taikang Trust Co., Ltd.* is the trustee of SDIC Taikang Trust – Ruijin No. 35 QDII Single Fund Trust and SDIC Taikang Trust – Ruijin No. 36 QDII Single Fund Trust which hold 6,600,000 H Shares and 8,400,000 H Shares, respectively, as at 30 June 2024.
7. Orient Fund Management Co., Ltd.* is the trustee of a private trust which holds 8,000,000 H Shares as at 30 June 2024.
8. As at 30 June 2024, according to the disclosure of interest forms filed to the Stock Exchange by their controlled corporations, they were deemed to be interested in the same number of Shares in which BOCOM International Securities Company Limited was interested.
9. NEW PARTNER INTL LTD is wholly owned by Mr. Meng Erhu (蒙二虎), and Ms. Wu Shuying (吳淑英) is the spouse of Mr. Meng Erhu (蒙二虎). As at 30 June 2024, according to the disclosure of interest forms filed to the Stock Exchange by them, Mr. Meng Erhu is deemed to be interested in the same number of Shares in which NEW PARTNER INTL LTD is interested, and Ms. Wu Shuying is deemed to be interested in the same number of Shares in which Mr. Meng Erhu is interested.
10. Ms. Yu Rongfang (郁蓉芳) is the spouse of Mr. Yu Linqiang (郁林強). As at 30 June 2024, according to the disclosure of interest forms filed to the Stock Exchange by Ms. Yu Rongfang, Ms. Yu Rongfang is deemed to be interested in the same number of Shares in which Mr. Yu Linqiang is interested.

Save as disclosed above, as at 31 December 2025, the Directors are not aware of any other person (other than the Directors, Supervisors or chief executives of the Company) who had an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fail to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

CONNECTED TRANSACTIONS

For the year ended 31 December 2025, the Group entered into the following connected transactions:

One New Connected Transaction in 2025:

I. Zhejiang Ruimei and Hongyao Construction supply engineering services such as natural gas pipeline installation to Xinao Development.

On 13 October 2025, Xinao Development, a wholly owned subsidiary of the Company (as the employer), entered into the Construction Contract with Zhejiang Ruimei and Hongyao Construction (as the joint contractors). Pursuant to the Construction Contract, Zhejiang Ruimei and Hongyao Construction will undertake engineering services, which primarily include natural gas pipeline installation, for Bid Section 1 of the Natural Gas Engineering Project for Xinao Development.

The contracted price is RMB8,744,000.

As at the date of this announcement, Zhejiang Ruimei is owned by Mr. Qian Bin, Huzhou Environmental Protection Group Co., Ltd. (湖州市環保集團有限公司), Huzhou Xiexing Investment and Development Co., Ltd. (湖州協興投資發展有限公司), Huzhou Lishen Equity Investment Partnership (Limited Partnership) (湖州力申股權投資合夥企業(有限合夥)), Ms. Zhang Hongjuan and Mr. Luo Kai, which holds 34.5%, 20%, 20%, 15%, 7.5% and 3% of its equity interests respectively. Among them, Huzhou Environmental Protection Group Co., Ltd. (湖州市環保集團有限公司), Huzhou Xiexing Investment and Development Co., Ltd. (湖州協興投資發展有限公司) and Huzhou Lishen Equity Investment Partnership (Limited Partnership) (湖州力申股權投資合夥企業(有限合夥)) collectively hold 55% of the equity interests in Zhejiang Ruimei, and the ultimate beneficial controller of these three companies is City Group (the controlling Shareholder of the Company, which holds approximately 44.13% of the Company's Shares). City Group is directly and wholly owned by Huzhou Municipal People's Government State-owned Assets Supervision and Administration Commission (湖州市人民政府國有資產監督管理委員會) (a Chinese government authority).

As at the date of this announcement, City Group is the controlling Shareholder of the Company which holds approximately 44.13% of the Shares of the Company. Therefore, in accordance with Rule 14A.07(1) of the Listing Rules, Zhejiang Ruimei is an associate of a connected person of the Company.

For the year ended 31 December 2025, the total amount paid by Xinao Development for the engineering services was approximately RMB0.01 million.

For details, please refer to the announcement of the Company dated 13 October 2025.

(CONTINUING) CONNECTED TRANSACTIONS

Save to the extent as permitted by the waivers granted by the Stock Exchange as disclosed in the Prospectus, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31 December 2025 in relation to the Group's related (connected) party transactions which constitute connected transactions or continuing connected transactions as disclosed in note 37 to the consolidated financial statements of this annual report.

During the year ended 31 December 2025, the Group carried out the following transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules:

Provision of Certain Goods and Services to City Group by the Group

On 12 September 2023, the Company entered into the 2023-2025 Supply Framework Agreement with City Group, pursuant to which the Group agreed to sell to City Group, and City Group agreed to purchase from the Group, certain goods and services for the term from 12 September 2023 to 31 December 2025. The unit price for the goods and services payable under each separate agreement shall be set by the Group with reference to the prevailing market prices for the comparable goods and services sold by independent third parties and shall be no more favourable than those offered by the Group to independent third party customers, taking into account factors such as the types and volume of goods and services etc.

As at the date of the 2023-2025 Supply Framework Agreement, City Group was a controlling Shareholder, hence a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules.

During the year ended 31 December 2025, the total amount paid by City Group for purchasing certain goods and services amounted to approximately RMB2.53 million.

For details, please refer to the announcement of the Company dated 12 September 2023.

Supply of Steam to the Group by City Group

On 12 September 2023, the Company entered into the 2023-2025 Steam Supply Framework Agreement with City Group, pursuant to which the Group agreed to purchase from City Group, and City Group agreed to supply to the Group, steam for the term from 12 September 2023 to 31 December 2025. The unit price for steam procurement payable under each separate agreement shall be RMB140 per tonne.

As at the date of the 2023-2025 Steam Supply Framework Agreement, City Group was a controlling shareholder, hence a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules.

During the year ended 31 December 2025, the total amount paid by the Group for purchasing steam amounted to approximately RMB1.51 million.

For details, please refer to the announcement of the Company dated 12 September 2023.

Provision of Various Services to Designated Customers of Xinao Brokers by the Group

On 12 September 2023, the Company entered into the 2023-2025 Service Framework Agreement with Xinao Insurance Brokers Co., Ltd.* (新奧保險經紀有限公司) (“**Xinao Brokers**”) in relation to the provision of various services by the Group to designated customers of Xinao Brokers for the term from 12 September 2023 to 31 December 2025. The scope of services shall include, but not limited to: (1) offering gas usage safety education, covering self-rescue or rescue methods for common household gas accidents; (2) responding to customer enquiries in relation to gas usage and safety; (3) performing safety inspection and testing of gas equipment and appliances, safety inspection of indoor gas pipelines, and providing usage recommendations to customers with potential safety hazards; and (4) promoting disaster and loss prevention insurance. The service fee payable by Xinao Brokers under the 2023–2025 Service Framework Agreement shall be calculated based on the sum of the unit price of respective customer multiplied by the respective service frequency. The unit price for each customer of Xinao Brokers under each separate agreement shall range from RMB11 to RMB220 per residential customer, from RMB90 to RMB15,000 per commercial customer, and from RMB300 to RMB15,000 per industrial customer as stipulated in the 2023-2025 Service Framework Agreement, and to be agreed on a case-by-case basis for other customers not listed in the 2023-2025 Service Framework Agreement.

As at the date of the 2023-2025 Service Framework Agreement, Xinao Brokers was wholly-owned by ENN Group, a controlling shareholder of Nanxun Xinao and Nanxun Xinao Development. Huzhou Nanxun Xinao Gas Company Limited and Huzhou Nanxun Xinao Gas Development Company Limited were non-wholly owned subsidiaries of the Company that did not fall under the definition of insignificant subsidiaries (as defined under the Listing Rules) of the Company. ENN Group was ultimately owned as to approximately 99.7% by Mr. Wang Yusuo and his spouse Ms. Zhao Baoju, and owned as to approximately 0.3% by 21 other individuals who were, to the best knowledge and belief of the Directors after making due enquiries, parties independent of the Company and its connected persons. As Xinao Brokers was a wholly-owned subsidiary of ENN Group, a controlling shareholder of non-wholly owned subsidiaries of the Company which are not insignificant subsidiaries, Xinao Brokers is therefore a connected person of the Company at the subsidiary level.

During the year ended 31 December 2025, the total amount paid by Xinao Brokers for service fee to the Group amounted to approximately RMB5.77 million.

For details, please refer to the announcement of the Company dated 12 September 2023.

Provision of Gas Appliances to the Group by Nanjing Xinao Technology

In light of the fact that the gas appliances sale and purchase agreement for the term from 1 January 2022 to 31 December 2022 expired on 31 December 2022, therefore, on 12 September 2023, the Company entered into the 2023-2025 Gas Appliances Framework Agreement with Nanjing Xinao Intelligent Technology Co., Ltd.* (南京新奧智能科技有限公司) (“**Nanjing Xinao Technology**”), pursuant to which the Group agreed to purchase from Nanjing Xinao Technology, and Nanjing Xinao Technology agreed to sell to the Group, gas appliances for the term from 12 September 2023 to 31 December 2025. The price payable under each separate agreement should be determined by the Group and Nanjing Xinao Technology after arm’s length negotiations with reference to the prices offered by Nanjing Xinao Technology to its member companies. The price payable by the Group shall not be higher than that paid by member companies of Nanjing Xinao Technology.

As at the date of the 2023-2025 Gas Appliances Framework Agreement, Nanjing Xinao Technology was wholly-owned by Xinao Gas Development Company Limited* (新奧燃氣發展有限公司), which was in turn wholly-owned by ENN (China), a substantial shareholder. As such, Nanjing Xinao Technology was an associate of ENN (China), and hence a connected person of the Company pursuant to Rule 14A.13(1) of the Listing Rules.

During the year ended 31 December 2025, the total amount paid by the Group for purchasing goods amounted to approximately RMB2.48 million.

For details, please refer to the announcement of the Company dated 12 September 2023.

Provision of Gas Pipeline Construction and Installation Services to City Group by the Group

In light of the fact that the gas pipeline construction framework agreement for the term from 1 January 2021 to 31 December 2023 expired on 31 December 2023, on 12 September 2023, the Company entered into the 2024-2026 Gas Pipeline Construction Framework Agreement with City Group, pursuant to which the Group, as supplier, agreed to provide gas pipeline construction and installation services (“**Construction Services**”) for real estate development projects undertaken by City Group in the Operating Area for the term commencing from 1 January 2024 to 31 December 2026. The service fee for the provision of the Construction Services for residential projects shall be determined in accordance with the price set by the Huzhou Municipal People’s Government from time to time. For non-residential projects, the service fee shall be determined based on the manpower and materials as agreed on a project by project basis, which vary with factors such as the length of pipeline constructed and the size of gas facilities. The service fee shall be determined in accordance with the unit price for manpower and each type of materials set by the Zhejiang Provincial Government from time to time.

As at the date of the 2024-2026 Gas Pipeline Construction Framework Agreement, City Group was a controlling shareholder, hence a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules.

During the year ended 31 December 2025, the total charges for provision of Construction Services to City Group by the Group amounted to RMB0.24 million.

For details, please refer to the announcement of the Company dated 12 September 2023.

Installation of Distributed Photovoltaic System and Provision of Electricity Storage Services to City Group by the Group

In light of the fact that the photovoltaic framework agreement for the term from 1 June 2021 to 31 December 2023 will expire on 31 December 2023, on 12 September 2023, the Company entered into the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement with City Group, pursuant to which (i) the Group is permitted to install distributed photovoltaic systems in properties owned by City Group, and the Group agreed to first supply the electricity generated by such system to City Group before the Group sells any unutilised electricity generated by such system to the State Grid Corporation of China (國家電網公司); and (ii) the Group agreed to provide electricity storage services to City Group with respect to City Group's specific needs. The term of the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement is from 1 January 2024 to 31 December 2026.

As at the date of the 2024-2026 Photovoltaic and Electricity Storage Service Cooperation Framework Agreement, City Group was a controlling shareholder, hence a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules.

During the year ended 31 December 2025, the total charges charged for the installation of distributed photovoltaic system and provision of electricity to City Group by the Group amounted to RMB4.71 million.

For details, please refer to the announcement of the Company dated 12 September 2023.

Supply of PNG and LNG by Ningbo Intercity to the Group

On 26 May 2022, the Company entered into a master supply agreement with Ningbo Chengji Energy Trading Co., Ltd. ("**Ningbo Intercity**") , pursuant to which the Group shall purchase from Ningbo Intercity, and Ningbo Intercity shall sell to the Group, PNG and LNG in the Operating Area for a period from 1 January 2022 to 31 December 2024 (the "**Master Supply Agreement**"). Under the Master Supply Agreement, the gas price at which Ningbo Intercity charges the Group for the supply of PNG is based on the government-regulated gate price (門站價格) of natural gas.

On 14 March 2023, the Company entered into a supplemental agreement ("**Supplemental Agreement**") with Ningbo Intercity, pursuant to which the parties agreed to amend the pricing basis of the gas price at which Ningbo Intercity charges the Group for the supply of PNG from Ningbo Intercity to the Group under the Master Supply Agreement with effect from 1 April 2023 from government regulated prices to prices determined by the parties with reference to prevailing market prices, subject to the terms and conditions under the Supplemental Agreement.

On 27 November 2023, the Company and Ningbo Intercity entered into the 2024-2026 Natural Gas Framework Agreement in substitution for the Master Supply Agreement (as supplemented by the Supplemental Agreement), pursuant to which the Group agreed to purchase from Ningbo Intercity, and Ningbo Intercity agreed to sell to the Group, PNG and LNG in the Operating Area for the period from 1 January 2024 to 31 December 2026.

As at the date of the 2024-2026 Natural Gas Framework Agreement, Ningbo Intercity was wholly owned by Xiniao Gas Development Company Limited* (新奧燃氣發展有限公司), which was in turn wholly owned by ENN (China), a substantial shareholder. As such, Ningbo Intercity was an associate of ENN (China) pursuant to Rule 14A.13(1) of the Listing Rules, and hence a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

During the year ended 31 December 2025, the total PNG and LNG charges charged by Ningbo Intercity amounted to RMB934.03 million.

For details, please refer to the announcements and circulars of the Company dated 15 March 2023, 24 April 2023, 27 November 2023 and 28 December 2023.

REPORT OF THE DIRECTORS

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors had reviewed the above-mentioned continuing connected transactions and confirmed such transactions were conducted:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms: if the comparable transactions could not be relied on to judge whether the terms of such transactions were normal commercial terms, as far as the Group is concerned, on terms no less favourable than the terms accepted or provided by independent third parties; and
- (3) in accordance with the agreed terms related to the transactions, which are fair and reasonable and in the interests of Shareholders as a whole.

CONFIRMATION BY AUDITOR

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

INTERNAL CONTROLS

The Group shall implement the following measures to monitor connected transactions and continuing connected transactions:

- (a) maintaining an updated list of connected persons of the Company and adhering to the connected transaction management policy (關連交易管理制度);
- (b) maintaining proper filing for potential and actual transactions and documents recording the review and/or approval processes;
- (c) to ensure that the prices and terms of continuing connected transactions are fair and reasonable, on normal commercial terms and no less favourable to the Group than those offered to or quoted by independent third parties, the Group shall consider the below in the following order depending on the availability:
 - i. PRC government-regulated or government guidance price;
 - ii. market price, including domestic market price or international market price;
 - iii. cost-plus basis, the mark-up rate shall be determined by negotiation between the parties;
 - iv. transaction terms no less exacting than the ones provided to or by independent third parties, including price and payment terms etc.

The Group shall obtain quotations from independent third parties to understand and/or verify the above before going through internal contract approval processes;

REPORT OF THE DIRECTORS

- (d) the person-in-charge of the finance department shall review the table containing the actual transaction amounts and prices for continuing connected transactions compiled by the relevant business unit at least on a quarterly basis;
- (e) continuing connected transactions shall be reported to the audit committee of the Board (which comprises all independent non-executive Directors);
- (f) the audit committee of the Board shall review continuing connected transactions in relation to, among others, whether the transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and whether they are carried out in accordance with the relevant agreements and on terms that are fair and reasonable and in the interest of the Shareholders as a whole; and
- (g) through reviewing the information gathered from the finance department of the Company, the external auditor of the Company will report to the Board at least annually on the continuing connected transactions of the Group.

The internal control measures above can allow the Company to effectively monitor the connected transactions and continuing connected transactions, where applicable, and to ensure the terms of such transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

MATERIAL LITIGATION

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the total revenue attributable to the Group's five largest customers was approximately 21.70%, and the revenue attributable to the Group's largest customer from the sales was approximately 7.55%.

During the year ended 31 December 2025, the total purchases attributable to the Group's five largest suppliers was approximately 91.36%, and the purchase attributable to the Group's largest supplier was approximately 48.26%. Among the five largest suppliers, Ningbo Intercity was the largest supplier during the year ended 31 December 2025.

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

RELATIONSHIPS WITH KEY STAKEHOLDERS

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

REPORT OF THE DIRECTORS

EMPLOYEES

The Group has always attached great importance to the human resources management. The Group provides employees with training opportunities, good career development prospects and growth opportunities. The Group also attaches great importance to the physical and mental development of employees.

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

As at 31 December 2025, the male-to-female ratio for all the employees was approximately 3.15 to 1. Although the Group recognizes the importance and benefits of gender diversity in the work environment, the Group requires a higher ratio of male employees due to the nature of the Group's business. The Group will further promote gender diversity of employees in the future where possible.

CUSTOMERS AND SUPPLIERS

The Group strives to build and maintain long-term and strong relationships with customers, so as to understand and fulfill customers' demands and enhance their satisfaction. In terms of suppliers, the Group keeps mutually beneficial and win-win partnerships with all suppliers. At the same time, the Group regularly evaluates the performance of the suppliers.

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2025, the Group made charitable contributions of approximately RMB280,000. For further details, please refer to the Environmental, Social and Governance Report for the year ended 31 December 2025 published by the Company.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period (including sales of treasury shares). As of the end of the Reporting Period, there were no treasury shares held by the Company or its subsidiaries.

EQUITY-LINKED AGREEMENT

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

PERMITTED INDEMNITY PROVISION

The Company has purchased appropriate liability insurance for the Directors, Supervisors and senior management. The permitted indemnity provisions are set out in such liability insurance and are currently in force.

COMPLIANCE WITH THE CG CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value. The Company will continue to review and enhance its corporate governance capacity to ensure compliance with the CG Code. During the Reporting Period, the Company has always complied with all code provisions as set out in the CG Code. For more details, please refer to the section headed “Corporate Governance Report” of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has always abided by applicable environmental laws and regulations, adhered to the concept of environmentally friendly operations, and strived to reduce the negative impact of its existing business activities on the environment. The Group has complied with all relevant laws and regulations regarding environmental protection in all material respects for the year ended 31 December 2025. For details, please refer to the Environmental, Social and Governance Report for the year ended 31 December 2025 published by the Company, which can be accessed on the websites of the Company and The Stock Exchange of Hong Kong Limited.

COMPLIANCE WITH LAWS AND REGULATIONS

As the Company conducts its business activities mainly in the PRC since its establishment, and the H Shares of the Company are listed on the Stock Exchange, the establishment and operations of the Company have to comply with the requirements under the relevant laws and regulations in the PRC and Hong Kong. During the year ended 31 December 2025, the Company had complied with the requirements under the relevant laws and regulations in the PRC and Hong Kong.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed together with the management and external auditor of the Group, Ernst & Young, the accounting principles and policies adopted by the Group and the audited annual results for the year ended 31 December 2025.

AUDITOR

The Company has not changed its auditor since its listing on the main board of the Stock Exchange on 13 July 2022. The consolidated financial statements for the year ended 31 December 2025 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for the re-appointment of Ernst & Young as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board
Wang Hua
Chairman

Huzhou, Zhejiang, the PRC
31 March 2026

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit. Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

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

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions set out in Part 2 of the CG Code as the basis of the Company's corporate governance practices.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Board is of the view that during the Reporting Period, the Company has complied with all the code provisions as set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding dealings in the Company's securities by the Directors and Supervisors on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Code of Conduct**").

Having made specific enquiries to all Directors and Supervisors, they have confirmed that all of them have complied with the Code of Conduct during the Reporting Period.

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

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

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

Board Composition

The Board currently comprises nine Directors, consisting of three executive Directors, namely Mr. Wang Hua, Mr. Wang Tao and Ms. Sun Xiaohui; two non-executive Directors, namely Mr. Gong Luojian and Mr. Sun Xiaowei; three independent non-executive Directors, namely Mr. Chang Li Hsien Leslie, Dr. Lau Suet Chiu Frederic and Mr. Zhou Xinfu; and one employee representative director, namely Ms. Yao Yanli. Mr. Wang Hua is the Chairman.

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 17 to 27 of this annual report.

The relationships between the Directors are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 17 to 27 of this Annual Report. Save as disclosed above, there is no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members.

CORPORATE GOVERNANCE REPORT

Attendance Records of Directors and Board Committee Members

The attendance records of each Director at the Board and Board committee meetings and the general meeting of the Company held during the Reporting Period is set out below:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Strategy Committee	Annual General Meeting	Extraordinary General Meeting
Mr. Wang Hua	7/7				1/1	1/1	2/2
Mr. Wang Tao ^(Note 1)	6/7					1/1	1/2
Mr. Yang Fan ^(Note 2)	1/7					0/1	1/2
Ms. Sun Xiaohui	7/7			2/3		1/1	2/2
Mr. Gong Luoqian ^(Note 3)	6/7	1/4			1/1	1/1	1/2
Mr. Liu Jianfeng ^(Note 4)	1/7					0/1	1/2
Mr. Sun Xiaowei ^(Note 5)	1/7	1/4				0/1	0/2
Mr. Wang Peng ^(Note 6)	6/7					1/1	2/2
Mr. Chang Li Hsien Leslie	7/7	4/4	2/2	3/3	1/1	1/1	2/2
Dr. Lau Suet Chiu Frederic	7/7	4/4	2/2	3/3	1/1	1/1	2/2
Mr. Zhou Xinfu	7/7	4/4	2/2	3/3	1/1	1/1	2/2
Ms. Yao Yanli ^(Note 7)	1/7					0/1	0/2

Notes:

1. Mr. Wang Tao was appointed as an executive Director on 25 April 2025.
2. Mr. Yang Fan resigned as an executive Director on 25 April 2025.
3. Mr. Gong Luoqian was appointed as an executive Director on 25 April 2025 and was appointed as a member of the Audit Committee on 14 November 2025.
4. Mr. Liu Jianfeng resigned as a non-executive Director on 25 April 2025.
5. Mr. Sun Xiaowei was appointed as a non-executive Director and a member of the Audit Committee on 14 November 2025.
6. Mr. Wang Peng resigned as an executive Director on 14 November 2025.
7. Ms. Yao Yanli was appointed as an employee representative Director on 14 November 2025.

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of other Directors during the Reporting Period.

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

Board Meetings

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

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

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

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

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

Chairman and Chief Executive Officer

There is no chief executive officer in the Company but there is a general manager in the Company. The General Manager focuses on the Company's business development and daily management and operations generally. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The positions of the Chairman and the General Manager are held by Mr. Wang Hua and Mr. Li Haixiao, respectively (On 27 February 2026, Mr. Li Haixiao ceased to be the General Manager of the Company, and Mr. Zhang Hongyuan was appointed as the General Manager of the Company; please refer to the announcement of the Company dated 27 February 2026 for details).

Independent Non-executive Directors

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

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

Board Independence Evaluation

The Company has established a Board's Independence Evaluation Mechanism which sets out the processes and procedures to ensure independent views and input are available to the Board, which allows the Board effectively exercise independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board's performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2025, all Directors have completed the independence evaluation in the form of a questionnaire individually and supplemented by individual interviews.

The Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

Pursuant to the Articles of Association, the Directors shall be elected at the general meetings with a term of office of three years, renewable upon re-election. The Company has implemented a set of effective procedures for appointment of new Directors. Nomination of new Directors shall be first considered by the nomination committee whose recommendations will then be put forward to the Board for consideration. All newly nominated Directors are subject to election and approval at general meetings.

The Company has entered into service contracts with each of the Directors (including non-executive Directors). Such service contracts are for a term commencing from the date of appointment to the expiry of the current session of the Board.

The Company has appointed Mr. Wang Tao as an executive Director on 25 April 2025. Mr. Wang Tao obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 25 April 2025, and confirmed that he understood his obligations as a Director.

The Company has appointed Mr. Gong Luojuan as a non-executive Director on 25 April 2025. Mr. Gong Luojuan obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 25 April 2025, and confirmed that he understood his obligations as a Director.

The Company has appointed Mr. Sun Xiaowei as a non-executive Director on 14 November 2025. Mr. Sun Xiaowei obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 14 November 2025, and confirmed that he understood his obligations as a Director.

The Company has appointed Ms. Yao Yanli as an employee representative Director on 14 November 2025. Ms. Yao Yanli obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 14 November 2025, and confirmed that she understood her obligations as a Director.

Continuous Professional Development of Directors

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

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

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

The Company will organize relevant training courses for all Directors in due course at the Company's expenses.

During the year ended 31 December 2025, the Company organized training sessions conducted by the legal advisers for all Directors. The training sessions covered a wide range of relevant topics including Directors' duties and responsibilities and corporate governance. In addition, relevant reading materials including compliance manual, legal and regulatory updates and seminar handouts have been provided to the Directors for their reference and studying.

CORPORATE GOVERNANCE REPORT

The Company has received the training records of all Directors for the year ended 31 December 2025 and up to date of this Annual Report and the training records are summarized as follows:

Directors	Type of Training ^{Note}
Executive Directors	
Mr. Wang Hua	A and B
Mr. Yang Fan ^(Note 1)	A and B
Ms. Sun Xiaohui	A and B
Mr. Wang Tao ^(Note 1)	A and B
Non-executive Directors	
Mr. Liu Jianfeng ^(Note 3)	A and B
Mr. Wang Peng ^(Note 4)	A and B
Mr. Gong Luojian ^(Note 5)	A and B
Mr. Sun Xiaowei ^(Note 6)	A and B
Independent Non-executive Directors	
Mr. Chang Li Hsien Leslie	A and B
Dr. Lau Suet Chiu Frederic	A and B
Mr. Zhou Xinfu	A and B
Employee Representative Director	
Ms. Yao Yanli ^(Note 7)	A and B

Notes:

1. Mr. Yang Fan resigned as an Executive Director on 25 April 2025.
2. Mr. Wang Tao was appointed as an Executive Director on 25 April 2025.
3. Mr. Liu Jianfeng resigned as an Executive Director on 25 April 2025.
4. Mr. Wang Peng resigned as an Executive Director on 14 November 2025.
5. Mr. Gong Luojian was appointed as a non-executive Director on 25 April 2025.
6. Mr. Sun Xiaowei was appointed as a non-executive Director on 14 November 2025.
7. Ms. Yao Yanli was appointed as an employee representative Director on 14 November 2025.

Type of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

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

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

Audit Committee

The Audit Committee consists of three independent non-executive Directors and two non-executive Directors, namely Mr. Chang Li Hsien Leslie, Dr. Lau Suet Chiu Frederic, Mr. Zhou Xinfu, Mr. Gong Luojuan and Mr. Sun Xiaowei. Mr. Chang Li Hsien Leslie is the convener of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee also exercises the functions and powers of the Supervisory Committee as stipulated in the Company Law.

The Audit Committee held four meetings during the Reporting Period to review the financial results and reports and significant issues on the financial reporting, operational and compliance controls for the year ended 31 December 2024, the financial results and reports, internal audit function, related (connected) transactions, appointment of external auditors and engagement of non-audit services and relevant scope of works and arrangements for employees to raise concerns about possible improprieties as at 30 June 2025.

The attendance of the Audit Committee meetings is set out under "Attendance Records of Directors and Board Committee Members" on page 48.

Remuneration Committee

The Remuneration Committee consists of three independent non-executive Directors, namely Dr. Lau Suet Chiu Frederic, Mr. Chang Li Hsien Leslie and Mr. Zhou Xinfu. Dr. Lau Suet Chiu Frederic is the convenor of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee held two meetings during the Reporting Period to review and make recommendations to the Board on the remuneration package for newly appointed directors and supervisors, as well as the remuneration of the senior management.

Details of the remuneration of Directors for the Reporting Period are set out in note 8 to the Audited Financial Statements for the year ended 31 December 2025.

The remuneration of senior management (exclusive of Directors), whose biographical details are included in section headed “Biographical Details of Directors, Supervisors and Senior Management” of this Annual Report, during the year falls within the following bands:

Remuneration (RMB)	2025 Number of Individuals
0 to 300,000	3
300,001 to 600,000	2
Total	5

The Company’s remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company’s affairs.

The attendance records of the Remuneration Committee are set out under “Attendance Records of Directors and Board Committee Members” on page 48.

Nomination Committee

The Nomination Committee consists of three independent non-executive Directors and one executive Director, namely Mr. Zhou Xinfu, Mr. Chang Li Hsien Leslie, Dr. Lau Suet Chiu Frederic and Ms. Sun Xiaohui. Mr. Zhou Xinfu is the convener of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, reviewing the Board Diversity Policy and the Director Nomination Policy and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee reviews the structure, size and composition of the Board and the independence of the independent non-executive Directors, reviews the Board Diversity Policy and Director Nomination Policy, and considers and makes recommendations to the Board on the appointment of executive/non-executive/independent non-executive Directors annually.

The Nomination Committee held three meetings during the Reporting Period to make recommendations on the new appointment of one executive Director and two non-executive Directors.

The attendance records of the Nomination Committee are set out under "Attendance Records of Directors and Board Committee Members" on page 48.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee reviews regularly the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced and diverse profile. In relation to reviewing and assessing the Board's composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

CORPORATE GOVERNANCE REPORT

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- (A) at least one-third of the members of the Board shall be independent non-executive Directors;
- (B) at least one of the members of the Board shall have obtained accounting or other professional qualifications.

The Board consists of nine members, of which there are seven male members and two female members, with the age ranging from 39 years old to 74 years old. The Nomination Committee believes that the Board has a good balance of experience and background, with the relevant experience areas including management and strategic development, finance and accounting experience in addition to pipeline natural gas business.

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

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

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the Board, senior management and other employees as at 31 December 2025:

	Female	Male
Board	22.2% (2)	77.8% (7)
Senior Management	37.5% (3)	62.5% (5)
Other employees	24.11% (108)	75.89% (340)

The Board had targeted to achieve and had achieved at least 22.2% female Directors, 37.5% female senior management and 24.11% of female employees of the Group and considers that the above current gender diversity is satisfactory. In order to build a pipeline of potential successors for the Board to increase gender diversity on the Board in the upcoming years, the Group will also proactively provide trainings to our senior managements to create an inclusive workplace and may also work with human resources firms to identify potential successors for the Board.

Director Nomination Policy

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

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

The nomination process set out in the Director Nomination Policy is as follows:

Appointment of New Director

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

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

Re-election of Director at General Meeting

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

CORPORATE GOVERNANCE REPORT

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

The Director Nomination Policy sets out the criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

During the Reporting Period, the Nomination Committee recommended to the Board the appointment of one new executive Director, namely Mr. Wang Tao, and two new non-executive Directors, namely Mr. Gong Luojian and Mr. Sun Xiaowei. In accordance with the Director Nomination Policy and the Board Diversity Policy, the appointments were subject to a stringent nomination process, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

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

Strategy Committee

The Strategy Committee comprises five Directors, consisting of executive Director Mr. Wang Hua, non-executive Director Mr. Gong Luojian, and three Independent non-executive Directors, namely Mr. Zhou Xinfu, Mr. Chang Li Hsien Leslie and Dr. Lau Suet Chiu Frederic. Mr. Wang Hua is the Convener of the Strategy Committee.

As a specialized unit formed by the Board, the Strategy Committee is mainly responsible for conducting research and make recommendations to the Board on the mid- and long-term development strategy and their feasibility; study and make recommendations to the Board on the Company's investment plans, major business decisions, and investment return projections; and evaluating and overseeing the implementation status of strategies, plans, and measures adopted by the Strategy Committee and/or the Board. And supervising the integration and implementation of the Company's ESG strategy and objectives of its business operations, and regularly evaluating their execution effectiveness; and being responsible for reviewing and approving the Company's annual ESG report and other material ESG information disclosures, ensuring their completeness, accuracy and compliance;

CORPORATE GOVERNANCE REPORT

The Strategy Committee held one meeting during the Reporting Period to review the Company's current performance and discuss future development strategies and to discuss the preparation plan for the Company's 2025 ESG report. The Strategy Committee conducted in-depth discussions focusing on formulating corporate development plans, strengthening the investment decision-making process, enhancing the scientific rigor of decision-making, improving the effectiveness and quality of major investment decisions, and making recommendations to the Board. Attendance records of the Strategy Committee are disclosed under the section titled "Attendance Records of Directors and Board Committee Members" on page 48.

Corporate Governance Functions

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

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

SUPERVISORY COMMITTEE

The Supervisory Committee is responsible for supervising the legality of the performance of duties by the Directors and senior management members of the Company, thus to protect the overall benefits of the Company and Shareholders.

As at 31 December 2025, the Supervisory Committee comprised three Supervisors, namely Ms. Xing Yan, Mr. Xu Guoxin and Mr. Cai Rui. The biographical information of the Supervisors is set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 15 to 24 of this annual report.

Ms. Xing Yan and Mr. Cai Ru were appointed as Supervisors on 25 April 2024 for a term from 25 April 2024 to 24 April 2027. Mr. Xu Guoxin has been re-elected as an employee representative Supervisor of the Second Session of the Supervisory Committee at the employee representatives' meeting of the Company, with effect from 29 February 2024. In addition, Mr. Xu resigned from the position of employee representative Supervisor of the Company due to work adjustment with effect from 26 March 2025. On the same day, Mr. Shen Jiahui was elected as the employee representative Supervisor.

Save as disclosed in the biographies of Supervisors set out in the section "Biographical Details of Directors, Supervisors and Senior Management" in this annual report, none of the Supervisors had any personal relationships (including financial, business, family or other material/relevant relationships) with any other Directors, Supervisors or senior management members.

The Supervisory Committee held two meetings during the Reporting Period to consider and approve the interim results announcement, interim report, annual results announcement, annual report and other resolutions.

CORPORATE GOVERNANCE REPORT

The attendance records of the members of the Supervisory Committee are as follows:

Supervisors	Number of meetings attended
Ms. Xing Yan ^(Note 1)	2/2
Mr. Shen Jiahui ^(Note 1)	1/2
Mr. Cai Rui	2/2
Mr. Xu Guoxin ^(Note 2)	1/2

Notes:

1. Mr. Shen Jiahui was appointed as an employee representative Supervisor on 26 March 2025.
2. Mr. Xu Guoxin was resigned as an employee representative Supervisor on 26 March 2025.

ABOLITION OF THE SUPERVISORY COMMITTEE

Since the Company Law of the People's Republic of China effective from 1 July 2024 stipulated that a joint stock limited company may, in accordance with the provisions of the Articles of Association, establish an Audit Committee composed of Directors within the Board of Directors to exercise the functions and powers of the Supervisory Committee, without setting up a Supervisory Committee. As set out in the proposed resolution on amending the Company's Articles of Association as contained in the Company's circular dated 24 October 2025, the abolition of the Supervisory Committee and other matters have been included.

Accordingly, after the shareholders approved the amendment to the Articles of Association and the abolition of the Supervisory Committee at the extraordinary general meeting held on 14 November 2025, the Company abolished the Supervisory Committee with effect from 14 November 2025. The functions and powers of the Supervisory Committee will be exercised by the Audit Committee of the Board of Directors. Each Supervisor has resigned as the Supervisor with effect from 14 November 2025. Each Supervisor expresses deep gratitude to the shareholders, Directors and all employees for their strong support to the Supervisory Committee during the reporting period. The Company hereby extends its sincere thanks to each Supervisor for their valuable contributions to the Company during their tenure. Each Supervisor confirms that there is no disagreement between him/her and the Supervisory Committee, nor is there any matter relating to his/her resignation as the Supervisor that needs to be brought to the attention of the shareholders and the Stock Exchange.

For details, please see the announcement disclosed by the Company on the website of the Stock Exchange on 14 November 2025.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such 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 has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

- (1) A qualified Chinese law firm has been appointed as a PRC legal adviser which assists the Company in performing the requisite legal due diligence and assists us in complying with the relevant laws and regulations in respect of the business operations;
- (2) the Directors, senior management and relevant employees will be provided with training and/or updates regarding the legal and regulatory requirements applicable to the business operations of the Group from time to time;
- (3) we will from time to time remind the employees to perform their obligations to contribute to the part of the social insurance and housing provident funds borne by them in order to comply with the applicable PRC laws and regulations, and advise them on the procedures for making the contributions; and
- (4) we have appointed a qualified Hong Kong law firm as an external Hong Kong legal adviser of the Company to advise us on compliance with the Listing Rules and the applicable Hong Kong laws and regulations and compliance matters.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

CORPORATE GOVERNANCE REPORT

The management, in coordination with department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

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

The Internal Audit Department is responsible for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems throughout the period from 1 January 2025 to 31 December 2025. The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal anti-corruption department/internal audit function, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During the year ended 31 December 2025, the Company held one legal education training on anti-corruption to all employees. There were no non-compliance cases in relation to bribery and corruption.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

NON-COMPETITION UNDERTAKING

Each of City Group, ENN (China) and ENN Energy, has entered into a deed of non-competition in favour of the Company on 16 June 2021 (the “**Deed**”), details of which have been set out in the Prospectus. The Company has received written declaration from each of City Group, ENN (China) and ENN Energy in respect of its and/or its close associates’ compliance with the terms of the Deed during the year ended 31 December 2025. The independent non-executive Directors have also reviewed the compliance with the Deed and enforcement of the terms of the Deed by City Group, ENN (China) and ENN Energy and confirmed that they have not been in breach of the Deed during the year ended 31 December 2025.

DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors’ Report on pages 68 to 72.

AUDITORS’ REMUNERATION

The remuneration paid/payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fees Paid/Payable
	<i>RMB’000</i>
Audit Services	1,540
Non-audit Services (Note)	800
Total	2,340

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

JOINT COMPANY SECRETARIES

During the Reporting Period, Mr. Tang Chunhui, the secretary to the Board of the Company, has resigned on 30 June, 2025, and Ms. Zheng Jie was appointed as the Company's joint company secretary on 30 June, 2025.

During the Reporting Period, Ms. Lee Mei Yi has served as the Company's joint company secretary. Ms. Lee Mei Yi is currently an Executive Director of Corporate Services of Tricolor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. The primary contact person of Ms. Lee Mei Yi is Ms. Zheng Jie.

For the year ended 31 December 2025, Ms. Zheng Jie and Ms. Lee Mei Yi have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Right to call an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association, Shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form of content requesting the Board of Directors to convene an extraordinary general meeting and stating the subject of the meeting. The Board of Directors shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the aforesaid written request in accordance with the requirements of the laws, regulations and the Articles of Association. The aforementioned number of shares held shall be based on the number of shares held at the close of business on the date of the Shareholder's written request (or, if the date of the written request is a non-trading day, the trading day preceding the date of the written request).

If the Board of Directors agrees to convene the extraordinary general meeting, notice convening the general meeting shall be issued within 5 days upon receiving the Board of Directors' resolution. Should there be alterations to the original requests in the notice, consent has to be obtained from the relevant Shareholders.

If the Board of Directors does not agree to convene the extraordinary general meeting or does not reply within 10 days upon receiving the request, Shareholders individually or jointly holding over 10% of the Company's voting shares at the proposed meeting shall have the right to propose the Audit Committee to convene an extraordinary general meeting, and shall submit a written request to the Audit Committee.

If the Audit Committee agrees to convene the general meeting, notice convening the extraordinary general meeting shall be issued within 5 days upon receiving the request. Should there be alterations to the original requests in the notice, consent has to be obtained from the related Shareholders.

If the Audit Committee does not issue notice of the general meeting within the required period, it will be considered as not going to convene and preside over the general meeting, and Shareholders individually or jointly holding over 10% of the shares of the Company having voting rights at the meeting for over 90 consecutive days have the right to convene and support the proposed meeting on their own.

Putting Forward Proposals at General Meetings

Pursuant to Article 63 of the Articles of Association, when the Company convenes the Shareholders' general meeting, the Audit Committee of the Board and Shareholders, individually or in aggregate, holding over 1% of the shares of the Company shall have the right to propose motions to the Company.

The contents of the motion to be proposed at the Shareholders' general meeting shall fall within the terms of reference of the general meeting and have specified subjects and specific resolutions, in further compliance with the laws, administrative regulations and the related provisions of the Articles of Association.

Shareholders individually or jointly holding over 1% of the Company's shares may submit an extraordinary proposal to the convener in writing 10 days prior to date of the shareholders' general meeting. The convener shall dispatch a supplementary notice of the general meeting and announce the contents of such extempore proposal within 2 days upon receipt of the proposal, which shall be submitted to the Shareholders' general meeting for consideration. Unless the interim proposal violates any law, administrative regulation or the provisions of the Articles, or falls outside the scope of authority of the shareholders' general meeting. Where the issuance of a supplementary notice for a general meeting fails to satisfy the relevant requirements of the listing rules of the place where the Company is listed in relation to the issuance of supplementary notice, the Company shall adjourn the general meeting accordingly. The content of the temporary proposal shall fall within the terms of reference of the Shareholders' general meeting, with clear topics and specific resolutions. Unless otherwise required by the preceding paragraph, the convener shall not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatch of a notice of the general meeting.

Motion(s) not specified in the notice of Shareholders' general meeting or inconsistent with the requirements stipulated in paragraphs 2 and 3 of Article 63 shall not be voted and resolved at the Shareholders' general meeting.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: 227 Sizhong Road, Huzhou, Zhejiang Province, the PRC
Fax: (+86) 0572-2716801

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

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

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

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communications

The Company has adopted and issued a new arrangement for Corporate Communications, which took effect on 19 January 2024. Pursuant to the amended Rule 2.07A of the Listing Rules and the Articles of Association, the Company will disseminate its Corporate Communications to Shareholders electronically and only send Corporate Communications in printed form to Shareholders upon request. Corporate Communication refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities or the investing public, including but not limited to (a) the Directors' report, its annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communications of the Company will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.hzrqgf.com) in a timely manner as required by the Listing Rules. Details of the arrangements (i) for dissemination of Corporate Communications and (ii) for requesting printed copy of Corporate Communications and Actionable Corporate Communications are published under the section "Investor relations" in the Company's website (www.hzrqgf.com).

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.hzrqgf.com). Other corporate information about the Company's business developments, goals and strategies and corporate governance will also be available on the Company's website.

(d) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Convener of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any). The chairman of the independent board committee (if any) will answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

(e) Other Investor Relations Communication Platforms

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a required basis.

Amendments to the Articles of Association

The Company has amended the Articles of Association on 14 November 2025. By a special resolution passed at an extraordinary general meeting held on 14 November 2025, the Articles of Association were amended to reflect changes in the PRC regulations and Listing Rules. Details of the amendments are set out in the circular dated 24 October 2025 to the Shareholders. An up-to-date version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

INDEPENDENT AUDITOR'S REPORT



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To the shareholders of Huzhou Gas Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Huzhou Gas Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 73 to 177, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition of the sale of piped natural gas and the provision of construction and installation services</p> <p>During the year, the Group recognised revenue of RMB2,275,914,000, of which revenue from the sale of piped natural gas (“PNG”) and from the provision of construction and installation services amounted to RMB1,878,259,000 and RMB150,396,000, respectively.</p> <p>Revenue from the sale of PNG was significant to our audit because the revenue was highly dispersed and derived from a large number of residential customers, commercial customers and industrial customers. The volume of gas consumed by customers was determined by the gas-meters installed, the readings were examined cyclically and the reading dates did not all fall exactly on month or year end. Therefore, the recognition of revenue from the last gas-meter reading date to the year-end date involved estimation of the management.</p> <p>Revenue from the provision of construction and installation services was significant to our audit because the revenue from construction and installation services had a significant impact on the consolidated financial statements and the recognition of it involved significant estimations of management. Revenue from construction and installation services is recognised using the input method, measured by reference to the costs incurred during the year relative to the estimated total costs of the contracts, and the revenue recognition requires the status of contracts to be assessed on a regular basis. The management of the Group exercised significant estimations in assessing the performance progress in the satisfaction of the performance obligation in construction and installation service contracts, the valuation of contract variations, and the completeness and accuracy of forecast costs to complete.</p> <p>We identified recognition of revenue from the sale of PNG and the provision of construction and installation services as a key audit matter due to the involvement of a number of estimations in the recognition.</p>	<p>Our procedures in relation to the recognition of revenue derived from the sale of PNG included:</p> <p>Testing the design and operating effectiveness of key controls related to the sale of PNG;</p> <p>Discussing with the management about the recognition basis of revenue from the sale of PNG and assessing the appropriateness of revenue recognition policy of the sale of PNG applied by the Group;</p> <p>Performing analytical review procedures on the revenue from the sale of PNG;</p> <p>Performing test of details, on a sampling basis, by checking contracts, gas-meter reading records and invoices; and</p> <p>Assessing the adequacy of the disclosure of revenue from the sale of PNG included in the notes to the consolidated financial statements.</p> <p>Our procedures in relation to the recognition of revenue derived from provision of construction and installation services included:</p> <p>Testing the design and operating effectiveness of key controls related to the provision of construction and installation services;</p> <p>Discussing with the management about the recognition basis of revenue from the provision of construction and installation services and assessing the appropriateness of revenue recognition policy for the provision of construction and installation services applied by the Group;</p> <p>Discussing with management to assess the assumptions used in the recognition and management’s key estimations involved in determining performance progress;</p>

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition of the sale of piped natural gas and the provision of construction and installation services (continued)	
The disclosures about revenue recognition are included in note 2.4 <i>Material Accounting Policies</i> , note 3 <i>Significant Accounting Judgements and Estimates</i> and note 5 <i>Revenue, Other Income and Gains</i> to the financial statements.	<p>Performing analytical review procedures on the revenue from construction and installation services;</p> <p>Performing tests of details, on a sampling basis, by checking contracts, construction completion report, invoices and materials requisitions;</p> <p>Checking material costs, labour costs and expenses incurred on materials requisitions and internal payroll records, and recalculating the performance progress with the input method based on the costs incurred and the budgeted total costs;</p> <p>Evaluating the historical accuracy of the Group's estimates on the progress in the satisfaction of the performance obligation through identifying if there were any late adjustments on the same contracts across different years; and</p> <p>Assessing the adequacy of the disclosure of revenue from the provision of construction and installation services included in the notes to the consolidated financial statements.</p>

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Ernst & Young

Certified Public Accountants

Hong Kong

31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	2,275,914	2,372,643
Cost of sales		(2,011,657)	(2,094,450)
Gross profit		264,257	278,193
Other income and gains	5	25,012	30,650
Selling and distribution expenses		(35,860)	(35,740)
Administrative expenses		(49,212)	(48,612)
Impairment losses on financial assets, net		(1,236)	(3,319)
Other expenses		(12,192)	(12,634)
Finance costs	7	(2,117)	(2,458)
Share of profits and losses of:			
Joint ventures		266	(63)
PROFIT BEFORE TAX	6	188,918	206,017
Income tax expense	10	(39,915)	(36,871)
PROFIT FOR THE YEAR		149,003	169,146
Attributable to:			
Owners of the parent		94,677	117,792
Non-controlling interests		54,326	51,354
		149,003	169,146
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
– For profit for the year (RMB)		0.47	0.58

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	149,003	169,146
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	(4)	34
Income tax effect	1	(8)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(3)	26
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(3)	26
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	149,000	169,172
Attributable to:		
Owners of the parent	94,674	117,818
Non-controlling interests	54,326	51,354
	149,000	169,172

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Lease receivables	13	3,626	3,697
Property, plant and equipment	14	1,115,557	1,045,193
Investment properties	15	925	244
Right-of-use assets	16(a)	72,784	72,774
Goodwill	17	28,506	28,506
Other intangible assets	18	62,021	69,427
Investments in joint ventures	19	12,252	11,986
Deferred tax assets	29	20,192	10,080
Time deposits	24	306,390	–
Total non-current assets		1,622,253	1,241,907
CURRENT ASSETS			
Inventories	20	14,675	14,868
Lease receivables	13	1,360	1,360
Trade and bills receivables	21	54,216	54,466
Debt investments at fair value through other comprehensive income		417	–
Prepayments, other receivables and other assets	22	30,200	30,253
Due from related parties	23	8,801	8,497
Pledged deposits	24	20	20
Time deposits		203,031	30,000
Cash and cash equivalents	24	309,434	828,524
Total current assets		622,154	967,988
CURRENT LIABILITIES			
Trade payables	25	124,188	127,743
Other payables and accruals	26	113,627	147,837
Contract liabilities	27	299,762	262,964
Interest-bearing bank borrowings	28	900	300
Due to related parties	23	26,994	35,938
Tax payables		25,610	31,454
Lease liabilities	16(b)	1,296	1,021
Total current liabilities		592,377	607,257
NET CURRENT ASSETS		29,777	360,731
TOTAL ASSETS LESS CURRENT LIABILITIES		1,652,030	1,602,638

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities	27	66,693	105,537
Interest-bearing bank borrowings	28	21,800	14,550
Deferred tax liabilities	29	16,801	21,652
Deferred income	30	124,358	71,505
Other non-current liabilities	31	24,023	30,367
Lease liabilities	16(b)	25,378	23,810
Total non-current liabilities		279,053	267,421
Net assets		1,372,977	1,335,217
EQUITY			
Equity attributable to owners of the parent			
Share capital	32	202,715	202,715
Reserves	32,33	1,069,293	1,035,433
		1,272,008	1,238,148
Non-controlling interests		100,969	97,069
Total equity		1,372,977	1,335,217

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent										
	Share capital RMB'000 (note 32)	Share premium* RMB'000 (note 32, 33)	Merger reserve* RMB'000	Other reserve* RMB'000 (note 33)	Special reserve – safety fund* RMB'000 (note 33)	Statutory surplus reserve* RMB'000 (note 33)	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	202,715	730,002	35,836	32,703	24,653	25,196	(29)	130,068	1,181,144	96,647	1,277,791
Profit for the year	-	-	-	-	-	-	-	117,792	117,792	51,354	169,146
Other comprehensive income for the year:											
Fair value reserve of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	26	-	26	-	26
Total comprehensive income for the year	-	-	-	-	-	-	26	117,792	117,818	51,354	169,172
Statutory surplus reserve	-	-	-	-	-	11,039	-	(11,039)	-	-	-
Dividend declared (note 11)	-	-	-	-	-	-	-	(60,814)	(60,814)	-	(60,814)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(50,932)	(50,932)
Investment in a subsidiary Special reserve – safety fund	-	-	-	-	4,357	-	-	(4,357)	-	-	-
At 31 December 2024	202,715	730,002	35,836	32,703	29,010	36,235	(3)	171,650	1,238,148	97,069	1,335,217

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent										
	Share capital RMB'000 (note 32)	Share premium* RMB'000 (note 32, 33)	Merger reserve* RMB'000	Other reserve* RMB'000 (note 33)	Special reserve – safety fund* RMB'000 (note 33)	Statutory surplus reserve* RMB'000 (note 33)	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	202,715	730,002	35,836	32,703	29,010	36,235	(3)	171,650	1,238,148	97,069	1,335,217
Profit for the year	-	-	-	-	-	-	-	94,677	94,677	54,326	149,003
Other comprehensive income for the year:											
Fair value reserve of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive income for the year	-	-	-	-	-	-	(3)	94,677	94,674	54,326	149,000
Statutory surplus reserve	-	-	-	-	-	9,247	-	(9,247)	-	-	-
Dividend declared (note 11)	-	-	-	-	-	-	-	(60,814)	(60,814)	-	(60,814)
Dividend declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(50,426)	(50,426)
Absorption merger of subsidiaries	-	-	-	926	(35)	-	-	(891)	-	-	-
Special reserve – safety fund	-	-	-	-	4,967	-	-	(4,967)	-	-	-
At 31 December 2025	202,715	730,002	35,836	33,629	33,942	45,482	(6)	190,408	1,272,008	100,969	1,372,977

* These reserve accounts comprise the consolidated reserves of RMB1,069,293,000 (2024: RMB1,035,433,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	6	188,918	206,017
Adjustments for:			
Finance costs	7	2,117	2,458
Time deposit interest income	5	(9,867)	–
Share of profits and losses of joint ventures	19	(266)	63
(Gain)/loss on disposal of items of property, plant and equipment	5,6	(1,088)	1,413
Depreciation of property, plant and equipment	14	70,501	64,037
Depreciation of investment properties	15	31	216
Depreciation of right-of-use assets	16	3,007	2,623
Amortisation of other intangible assets	18	7,441	7,449
Fair value gains on wealth management products	5,6	(1,250)	(761)
(Gain)/loss on foreign exchange differences	6	(34)	358
Finance income on the net investment in a lease	5	(728)	(739)
Write-down of inventories to net realisable value	6	(43)	(43)
Impairment of financial assets, net	6	1,236	3,319
		259,975	286,410
Decrease in inventories		236	1,153
(Increase)/decrease in trade and bills receivables		(1,230)	20,211
Increase in debt investments at fair value through other comprehensive income		(421)	–
Decrease in prepayments, other receivables and other assets		1,096	14,496
Decrease in pledged deposits		–	4
(Decrease)/increase in trade payables		(3,555)	5,864
Decrease in other payables and accruals		(33,045)	(1,774)
Decrease in contract liabilities		(2,046)	(67,674)
(Decrease)/increase in balances with related parties		(9,248)	14,879
Increase in deferred income		52,853	68,005
Cash generated from operations		264,615	341,574
Income taxes paid		(60,721)	(64,287)
Net cash flows generated from operating activities		203,894	277,287

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(151,986)	(206,554)
Placement of time deposits with original maturity of more than three months		(515,000)	(30,000)
Withdrawal of time deposits with original maturity of more than three months		45,446	–
Proceeds from disposal of items of property, plant and equipment		3,988	33,320
Purchases of wealth management products		(150,000)	(100,000)
Proceeds from disposal of wealth management products		151,250	100,761
Purchases of other intangible assets		(35)	(7)
Purchase of a shareholding in a joint venture		–	(2,333)
Net cash flows used in investing activities		(616,337)	(204,813)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		8,550	78,663
Repayment of bank loans		(700)	(63,813)
Interest paid		(781)	(1,413)
Dividends paid		(60,814)	(60,814)
Dividends paid by subsidiaries to non-controlling shareholders		(50,426)	(50,932)
Payments of lease liabilities	16(b)	(2,510)	(2,862)
Net cash flows used in financing activities		(106,681)	(101,171)
Effect of foreign exchange rate changes, net		34	(358)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(519,090)	(29,055)
Cash and cash equivalents at beginning of year		828,524	857,579
CASH AND CASH EQUIVALENTS AT END OF YEAR		309,434	828,524
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		309,434	828,524
Cash and cash equivalents as stated in the statement of financial position	24	309,434	828,524
Cash and cash equivalents as stated in the statement of cash flows		309,434	828,524

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Huzhou Gas Co., Ltd. is a joint stock company with limited liability established in the People's Republic of China (the "PRC"). The registered office of the Company is located at No. 227, Sizhong Road, Wuxing District, Huzhou, Zhejiang Province, China.

During the year, the Group was involved in the following principal activities:

- the sale of gas, mainly piped natural gas ("PNG") (under the concessions) and liquefied natural gas ("LNG") in Huzhou;
- the provision of construction and installation services to construct and install end-user pipeline network and gas facilities for customers such as property developers and owners or occupants of residential and non-residential properties;
- others, including the sale of household gas appliances and relevant equipment, energy, distributed photovoltaic power and the leasing of properties in Chinese mainland.

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 July 2022.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of establishment	Date of establishment	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Huzhou Xiniao Gas Development Company Limited ("Xiniao Development") 湖州新奥燃气发展有限公司*	PRC/Chinese mainland	25 April 2005	RMB9,611,896.22	100	–	Distribution and sale of natural gas and the provision of construction and installation services of gas pipeline network
Huzhou Nanxun Xiniao Gas Company Limited ("Nanxun Xiniao") 湖州南浔新奥燃气有限公司*	PRC/Chinese mainland	28 September 2009	RMB35,000,000	51	–	Distribution and sale of natural gas and the provision of construction and installation services of gas pipeline network
Huzhou Nanxun Xiniao Gas Development Company Limited ("Nanxun Xiniao Development") 湖州南浔新奥燃气发展有限公司*	PRC/Chinese mainland	28 November 2017	RMB5,000,000	51	–	Distribution and sale of natural gas, and the provision of construction and installation services of gas pipeline network

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of establishment	Date of establishment	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Deqing Xinrui New Energy Co., Ltd. ("Deqing Xinrui") 德清新瑞新能源有限公司*	PRC/Chinese mainland	26 September 2021	RMB30,000,000	–	100	Solar power generation technology services; sale of solar thermal power generation equipment and photovoltaic equipment
Huzhou Huran New Energy Development Co., Ltd. ("Huran New Energy") 湖州湖燃新能源開發有限公司*	PRC/Chinese mainland	24 April 2022	RMB150,000,000	95	–	Solar power generation technology services; sale of solar thermal power generation equipment and photovoltaic equipment
Huzhou Huxun Fuel New Energy Development Co., Ltd. ("Huxun Fuel New Energy") 湖州湖濶燃新能源開發 有限公司**	PRC/Chinese mainland	28 July 2022	RMB20,000,000	–	100	Solar power generation technology services; sale of solar thermal power generation equipment and photovoltaic equipment
Huzhou Huqingran New Energy Development Co., Ltd. ("Huqingran New Energy") 湖州湖清燃新能源開發 有限公司**	PRC/Chinese mainland	21 October 2022	RMB20,000,000	–	100	Solar power generation technology services; sale of solar thermal power generation equipment and photovoltaic equipment

* These entities are registered as limited liability companies under the laws of the PRC.

** In November 2025, Huxun Fuel New Energy and Huqingran New Energy were absorbed into Huran New Energy, resulting in the subsequent deregistration of both Huxun Fuel New Energy and Huqingran New Energy.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

Basis of consolidation

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

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

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

³ No mandatory effective date yet determined but available for adoption

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

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

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

2.4 MATERIAL ACCOUNTING POLICIES

Investments in joint ventures

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments in joint ventures (continued)

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

Business combinations and goodwill

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

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

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

Fair value measurement

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

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

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

Impairment of non-financial assets

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

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

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are the members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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

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

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

Buildings	1.9%-3.17%
Gas pipelines	4.75%
Plant and machinery	3.17%-9.50%
Office and other equipment	15.83%
Motor vehicles	15.83%
Instrument and apparatus	15.83%
Others	15.83%
Leasehold improvement	9.50%-31.67%

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investment properties

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

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

Buildings	30 years
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Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its cost less accumulated depreciation and any impairment losses at the date of change in use.

Intangible assets (other than goodwill)

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

Operating right

Reacquired operating right is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 15.5 years. The estimated useful life of 15.5 years for operating right is determined based on the remaining contractual period of the contract under which the right was reacquired.

Software copyrights

Purchased software copyrights are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 6 years. The estimated useful life of 6 years for software copyrights is determined by considering the period of the economic benefits to the Group as well as by referring to the industry practice.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Buildings	2-25 years
Leasehold land	39.75-50 years

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

(b) Lease liabilities

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

Investments and other financial assets

Initial recognition and measurement

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets at fair value through profit or loss

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade payables and financial liabilities included in other payables and accruals and amounts due to related parties.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Provisions

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

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

Special reserve – safety fund

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

Income tax

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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

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

Government grants

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

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

(a) Sale of goods

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

(b) Provision of construction and installation services

Revenue from the provision of construction and installation services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the costs incurred, relative to the estimated total costs for satisfaction of the construction and installation services.

Revenue from other sources

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Other income

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

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

Contract liabilities

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

Other employee benefits

Pension scheme

The employees are required to participate in a defined central pension scheme managed by the local municipal government of the areas in the PRC. The PRC companies are required to contribute a certain percentage of the relevant part of the payroll of these employees to the central pension scheme. The Group has no obligation for the payment of retirement benefits beyond the annual contributions. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Accommodation benefits

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

Borrowing costs

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Events after the reporting period

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to profit or loss.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Determining the timing of satisfaction of construction and installation services

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

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies. Further details are contained in note 29 to the financial statements.

Estimation uncertainty

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(ii) Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and deposits and other receivables is disclosed in note 21 and note 22 to the financial statements, respectively.

(iii) Useful lives of property, plant and equipment

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

(iv) Revenue recognition of provision of construction and installation services

Revenue from construction and installation services is recognised over time, using an input method to measure progress towards complete satisfaction of the service. The input method recognises revenue based on the proportion of the costs incurred relative to the estimated total costs for satisfaction of the construction and installation services. Accordingly, any changes to the estimated total contract cost may have material impact on the contract revenue recognised in each accounting period over the contract term.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(v) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB28,506,000 (2024: RMB28,506,000). Further details are given in note 17 to the financial statements.

4. OPERATING SEGMENT INFORMATION

The Group has only one reportable operating segment which engages in (i) the sale of gas, mainly PNG (under the concessions) and LNG in Huzhou; (ii) the provision of construction and installation services; and (iii) others, including the sale of energy, household gas appliances and relevant equipment, distributed photovoltaic power and the leasing of properties. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

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

Information about major customers

Revenue of approximately RMB171,749,000 (2024: RMB205,897,000) was derived from sales by the natural gas operation segment to one customer, Group A. Group A represents three customers under the control of a same shareholder.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS

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

	2025 RMB'000	2024 RMB'000
<i>Revenue from contracts with customers</i>		
Sale of goods	2,123,884	2,184,761
Provision of construction and installation services	150,396	181,560
Others	4,704	9,784
Subtotal	2,278,984	2,376,105
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases	290	362
	2,279,274	2,376,467
Less: Government surcharges	(3,360)	(3,824)
Total	2,275,914	2,372,643

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of goods or services		
Sale of PNG	1,878,259	2,063,361
Sale of LNG	160,457	59,632
Sale of household gas appliances and relevant equipment	31,881	27,144
Sale of energy	32,075	20,995
Sale of distributed photovoltaic power	21,212	13,629
Provision of construction and installation services	150,396	181,560
Others	4,704	9,784
Subtotal	2,278,984	2,376,105
Less: Government surcharges	(3,360)	(3,824)
Total	2,275,624	2,372,281

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

	2025 RMB'000	2024 RMB'000
Geographical market		
Chinese mainland	2,275,624	2,372,281
Timing of revenue recognition		
Goods or services transferred at a point in time	2,128,588	2,194,545
Services transferred over time	150,396	181,560
Subtotal	2,278,984	2,376,105
Less: Government surcharges	(3,360)	(3,824)
Total	2,275,624	2,372,281

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

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of natural gas	177,120	204,896
Construction and installation services	76,957	99,331
Sale of household gas appliances and relevant equipment	8,664	5,831
Sale of energy	223	293
Total	262,964	310,351

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations

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

Sale of goods

The performance obligation is satisfied upon delivery of the PNG, LNG, energy, household gas appliances and relevant equipment and distributed photovoltaic power, and payment is generally due within 30 to 90 days from delivery except for customers who purchased prepaid cards.

Construction and installation services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before or during the rendering of the services. The remaining percentage of payment generally should be paid before completion of construction and installation.

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

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	299,762	262,964
After one year	66,693	105,537
Total	366,455	368,501

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (continued)

	Note	2025 RMB'000	2024 RMB'000
<u>Other income</u>			
Bank interest income	6	5,036	22,772
Time deposit interest income	6	9,867	–
Finance income on the net investment in a lease		728	739
Government grants	6	6,371	5,040
Others		638	1,338
Total other income		22,640	29,889
<u>Gains</u>			
Gain on foreign exchange differences	6	34	–
Gain on disposal of items of property, plant and equipment	6	1,088	–
Fair value gains on wealth management products	6	1,250	761
Total gains		2,372	761
Total other income and gains		25,012	30,650

NOTES TO FINANCIAL STATEMENTS

31 December 2025

6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		1,935,466	2,001,440
Cost of services provided		76,191	93,010
Depreciation of property, plant and equipment	14	70,501	64,037
Depreciation of investment properties	15	31	216
Depreciation of right-of-use assets	16(a)	3,007	2,623
Amortisation of other intangible assets	18	7,441	7,449
Lease payments not included in the measurement of lease liabilities	16(c)	228	259
Auditor's remuneration		2,340	2,340
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		77,183	79,272
Pension scheme contributions		10,152	10,345
Social security contributions and accommodation benefits		12,198	11,972
Total		99,533	101,589
Impairment of financial assets, net:			
Impairment of trade receivables	21	1,480	3,216
Impairment of financial assets included in prepayments, other receivables and other assets	22	(244)	103
Total		1,236	3,319
(Gain)/loss on foreign exchange differences		(34)	358
Bank interest income	5	(5,036)	(22,772)
Time deposit interest income	5	(9,867)	–
Fair value gains on wealth management products	5	(1,250)	(761)
Government grants	5	(6,371)	(5,040)
Interest on lease liabilities	7	1,336	1,045
(Gain)/loss on disposal of items of property, plant and equipment		(1,088)	1,413
Write-down of inventories to net realisable value		(43)	(43)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

7. FINANCE COSTS

An analysis of finance costs is set out as follows:

	2025	2024
	RMB'000	RMB'000
Interest on bank loans, overdrafts and other loans	781	1,413
Interest on lease liabilities	1,336	1,045
Total interest expenses on financial liabilities not at fair value through profit or loss	2,117	2,458

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2025	2024
	RMB'000	RMB'000
Fees	518	522
Other emoluments:		
Salaries, allowances and benefits in kind	788	847
Performance related bonuses	128	102
Pension scheme contributions	80	125
Subtotal	996	1,074
Total	1,514	1,596

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

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

	2025 RMB'000	2024 RMB'000
Chang Li Hsien Leslie	165	165
Lau Suet Chiu Frederic	165	165
Zhou Xin Fa	84	84
Total	414	414

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

(b) Executive directors, non-executive directors, the chief executive and supervisors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2025					
Executive directors:					
Wang Hua	-	513	128	49	690
Gong Luo Jian*	-	-	-	-	-
Yang Fan**	-	-	-	-	-
Sun Xiao Hui	-	39	-	-	39
Wang Tao**	-	-	-	-	-
Subtotal	-	552	128	49	729
Non-executive directors:					
Wang Peng***	-	-	-	-	-
Liu Jian Feng****	-	-	-	-	-
Sun Xiao Wei****	-	-	-	-	-
Subtotal	-	-	-	-	-
Chief executive:					
Li Hai Xiao	104	-	-	-	104
Supervisors:					
Xing Yan*****	-	-	-	-	-
Cai Rui*****	-	-	-	-	-
Xu Guo Xin*****	-	76	-	10	86
Shen Jia Hui***** /*****	-	160	-	21	181
Subtotal	-	236	-	31	267
Total	104	788	128	80	1,100

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive directors, the chief executive and supervisors (continued)

* Mr. Gong Luo Jian was appointed as an executive director of the Company on 25 April 2025.

** Mr. Yang Fan resigned as an executive director of the Company and Mr. Wang Tao was appointed as an executive director of the Company on 25 April 2025.

*** Mr. Wang Peng resigned as a non-executive director of the Company on 14 November 2025.

**** Mr. Liu Jian Feng resigned as a non-executive director of the Company and Mr. Sun Xiao Wei was appointed as a non-executive director of the Company on 25 April 2025.

***** Mr. Xu Guo Xin resigned as a supervisor of the Company and Mr. Shen Jia Hui was appointed as a supervisor of the Company on 26 March 2025.

***** Ms. Xing Yan, Mr. Cai Rui and Mr. Shen Jia Hui resigned as supervisors of the Company due to the cancellation of the supervisory committee on 14 November 2025.

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024					
Executive directors:					
Wang Hua	-	512	102	68	682
Yang Fan*	-	-	-	-	-
Sun Xiao Hui**	-	-	-	-	-
Su Li***	-	-	-	-	-
Pan Hai Ming****	-	-	-	-	-
Subtotal	-	512	102	68	682
Non-executive directors:					
Wang Peng*****	-	-	-	-	-
Liu Jian Feng	-	-	-	-	-
Subtotal	-	-	-	-	-
Chief executive:					
Li Hai Xiao	108	-	-	-	108
Supervisors:					
Xing Yan	-	-	-	-	-
Cai Rui	-	-	-	-	-
Xu Guo Xin	-	335	-	57	392
Subtotal	-	335	-	57	392
Total	108	847	102	125	1,182

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive directors, the chief executive and supervisors (continued)

- * Mr. Yang Fan was appointed as an executive director of the Company on 25 April 2024.
- ** Ms. Sun Xiao Hui was appointed as an executive director of the Company on 25 April 2024.
- *** Ms. Su Li resigned as an executive director of the Company on 25 April 2024.
- **** Mr. Pan Hai Ming resigned as an executive director of the Company on 25 April 2024.
- ***** Mr. Wang Peng was appointed as a non-executive director of the Company on 16 January 2024.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included an executive director, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2024: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	3,864	3,339
Pension scheme contributions	140	139
Total	4,004	3,478

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

	Number of employees	
	2025	2024
Nil to RMB1,000,000	3	3
RMB1,000,001 to RMB1,500,000	1	1
Total	4	4

10. INCOME TAX EXPENSE

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

The provision for current income tax in Chinese mainland is calculated based on the statutory rate of 25% (2024: 25%) of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 (the “**New Corporate Income Tax Law**”), except for three certain subsidiaries of the Group in Chinese mainland that carried out production and operation of distributed photovoltaic power, which are subject to a preferential rate as below (including Deqing Xinrui, which qualifies as a small and micro enterprise), and a subsidiary of the Group in Chinese mainland that is a High-Tech Enterprise, which is subject to a preferential rate of 15%.

In accordance with the relevant provisions of the Notice on the Implementation of the Catalogue of Enterprise Income Tax Preferences for Public Infrastructure Projects issued by the Ministry of Finance and the State Taxation Administration, the subsidiaries of the Company, namely Huran New Energy, Deqing Xinrui and Nanxun Xinao Development, enjoy the preferential policy of enterprise income tax. For enterprises engaged in public infrastructure projects that meet the relevant conditions and technical standards and the relevant provisions of the state investment management in the Catalogue of Preferential Enterprise Income Tax for Public Infrastructure Projects approved on 1 January 2008, their income from investment and operation will be exempted from enterprise income tax for three years from the year in which the production and operation income of distributed photovoltaic power is first generated, and the enterprise income tax will be reduced by half for another three years. 2022 was the tax year in which the production and operation income of distributed photovoltaic power was first generated for Huran New Energy, Deqing Xinrui and Nanxun Xinao Development, therefore the income tax of Huran New Energy and Deqing Xinrui and Nanxun Xinao Development was exempted from 2022 to 2024 and the enterprise income tax will be reduced by half from 2025 to 2027. In November 2025, Huxun Fuel New Energy and Huqingran New Energy were absorbed into Huran New Energy, resulting in the subsequent deregistration of both Huxun Fuel New Energy and Huqingran New Energy.

In accordance with the relevant provisions of the Measures for the Administration of the Recognition of High-Tech Enterprises issued by the Ministry of Finance and the State Taxation Administration, Xinao Development, a subsidiary of the Group, was recognised as a High-Tech Enterprise in 2024. As a result, Xinao Development was subject to a preferential corporate income tax rate of 15% in 2025.

Pursuant to the Corporate Income Tax of the PRC and the respective regulations, Deqing Xinrui, a subsidiary of the Group, was qualified as a small and micro enterprise in 2021, and was entitled to a preferential income tax rate of 5% for the first RMB3,000,000 of assessable profits.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

10. INCOME TAX EXPENSE (continued)

The major components of income tax expense are set out as follows:

	2025 RMB'000	2024 RMB'000
Current tax – Chinese mainland		
Charge for the year	54,877	61,218
Deferred tax (note 29)	(14,962)	(24,347)
Total tax charge for the year	39,915	36,871

A reconciliation of the tax expense/(credit) applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	188,918	206,017
Tax at the statutory tax rate	47,230	51,504
Lower tax rates for certain subsidiaries	(7,134)	(10,991)
Impact of tax rate changes on the opening balance of deferred tax	–	(3,388)
Expenses not deductible for tax	616	709
Adjustments in respect of current tax of previous periods	348	–
Income tax credit for special equipment	(134)	(127)
Extra tax deduction for research and development expenses	(945)	(852)
Profits and losses attributable to joint ventures	(66)	16
Tax charge at the Group's effective rate	39,915	36,871

NOTES TO FINANCIAL STATEMENTS

31 December 2025

11. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Proposed final – RMB0.30 (2024: RMB0.30) per ordinary share	60,814	60,814

On 31 March 2026, the board of directors proposed the payment of a final dividend of RMB0.30 per share, amounting to RMB60,814,350 (tax inclusive), for the year ended 31 December 2025. The source of the proposed dividend payment is from the retained profits. The proposed final dividend is subject to the approval by shareholders of the Company at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 202,714,500 (2024: 202,714,500) outstanding during the year.

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

The calculation of basic earnings per share is based on:

	2025 RMB'000	2024 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	94,677	117,792
	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	202,714,500	202,714,500

NOTES TO FINANCIAL STATEMENTS

31 December 2025

13. LEASE RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Lease receivables	12,002	12,801
Less: Unearned finance income	(7,016)	(7,744)
Net lease receivables	4,986	5,057

A maturity analysis of lease receivables, based on the contractual undiscounted lease payments to be received, is as follows:

	2025	2024
	RMB'000	RMB'000
Due within 1 year	1,600	1,600
Due in 1 to 2 years	800	800
Due in 2 to 3 years	800	800
Due in 3 to 4 years	800	800
Due in 4 to 5 years	800	800
Due after 5 years	7,202	8,001
Total	12,002	12,801

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements of the Group that need to be recorded as at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Gas pipelines RMB'000	Plant and machinery RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Instrument and apparatus RMB'000	Others RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025										
At 1 January 2025										
Cost	101,317	971,018	264,572	7,829	7,976	15,428	1,834	6,537	80,050	1,456,561
Accumulated depreciation	(21,244)	(326,675)	(42,704)	(4,736)	(5,774)	(6,241)	(1,691)	(2,303)	-	(411,368)
Net carrying amount	80,073	644,343	221,868	3,093	2,202	9,187	143	4,234	80,050	1,045,193
At 1 January 2025, net of accumulated depreciation	80,073	644,343	221,868	3,093	2,202	9,187	143	4,234	80,050	1,045,193
Additions	-	8,499	9,739	5,827	923	1,672	386	12,983	109,354	149,383
Depreciation provided during the year	(3,765)	(42,782)	(19,035)	(913)	(520)	(1,860)	(16)	(1,610)	-	(70,501)
Disposals	-	(6,981)	(523)	(141)	(131)	(1)	(29)	-	-	(7,806)
Transferred from construction in progress	41,714	46,180	63,297	130	-	-	-	-	(151,321)	-
Transferred to investment properties	(712)	-	-	-	-	-	-	-	-	(712)
At 31 December 2025, net of accumulated depreciation	117,310	649,259	275,346	7,996	2,474	8,998	484	15,607	38,083	1,115,557
At 31 December 2025										
Cost	142,005	1,016,176	337,053	12,550	7,587	17,093	1,937	19,520	38,083	1,592,004
Accumulated depreciation	(24,695)	(366,917)	(61,707)	(4,554)	(5,113)	(8,095)	(1,453)	(3,913)	-	(476,447)
Net carrying amount	117,310	649,259	275,346	7,996	2,474	8,998	484	15,607	38,083	1,115,557

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Gas pipelines RMB'000	Plant and machinery RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Instrument and apparatus RMB'000	Others RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024										
At 1 January 2024										
Cost	90,407	966,252	177,351	7,264	8,013	11,430	1,833	2,612	99,240	1,364,402
Accumulated depreciation	(18,528)	(288,860)	(32,451)	(4,299)	(5,534)	(5,064)	(1,492)	(1,420)	–	(357,648)
Net carrying amount	71,879	677,392	144,900	2,965	2,479	6,366	341	1,192	99,240	1,006,754
At 1 January 2024, net of accumulated depreciation	71,879	677,392	144,900	2,965	2,479	6,366	341	1,192	99,240	1,006,754
Additions	–	18,437	15,588	970	128	2,812	1	3,925	143,847	185,708
Depreciation provided during the year	(2,529)	(45,729)	(11,644)	(794)	(651)	(1,608)	(199)	(883)	–	(64,037)
Disposals	–	(69,818)	(14,063)	(53)	(46)	(92)	–	–	–	(84,072)
Transferred from construction in progress	9,883	64,061	87,087	5	292	1,709	–	–	(163,037)	–
Transferred from investment properties	840	–	–	–	–	–	–	–	–	840
At 31 December 2024, net of accumulated depreciation	80,073	644,343	221,868	3,093	2,202	9,187	143	4,234	80,050	1,045,193
At 31 December 2024										
Cost	101,317	971,018	264,572	7,829	7,976	15,428	1,834	6,537	80,050	1,456,561
Accumulated depreciation	(21,244)	(326,675)	(42,704)	(4,736)	(5,774)	(6,241)	(1,691)	(2,303)	–	(411,368)
Net carrying amount	80,073	644,343	221,868	3,093	2,202	9,187	143	4,234	80,050	1,045,193

As at 31 December 2025, no property, plant and equipment of the Group were pledged (31 December 2024: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Cost:		
At beginning of year	707	1,734
Transferred from owner-occupied property	1,026	–
Transferred to owner-occupied property	–	(1,027)
At end of year	1,733	707
Accumulated depreciation:		
At beginning of year	463	434
Charge for the year	31	216
Transferred from owner-occupied property	314	–
Transferred to owner-occupied property	–	(187)
At end of year	808	463
Net carrying amount:		
At end of year	925	244
At beginning of year	244	1,300

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

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

As at 31 December 2025, no investment properties of the Group were pledged (31 December 2024: Nil).

The fair value of investment properties as at 31 December 2025 was RMB2,019,000 (31 December 2024: RMB1,479,000).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. INVESTMENT PROPERTIES (continued)

The valuation was performed by an independent professionally qualified valuer, Huzhou Zhongcheng Real Estate Appraisal Co., Ltd. (湖州眾誠房地產評估事務所有限公司). Selection criteria of the external valuer include market knowledge, reputation, independence and whether professional standards are maintained. The Group's finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting. The investment properties were valued using the market comparable approach due to a high volume of transactions involving comparable properties in the area during the year. Under the market comparable approach, the property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square metre (sq.m). A significant increase or decrease in the market price per sq.m. would result in a significant increase or decrease in the fair value of the investment property. The fair value measurement hierarchy of the investment property requires certain significant unobservable inputs (Level 3).

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings and leasehold land used in its operations. Lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods between 39.75 and 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 25 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Buildings RMB'000	Leasehold land RMB'000	Total RMB'000
As at 1 January 2024	20,421	47,788	68,209
Additions	7,188	–	7,188
Depreciation charge	(1,446)	(1,177)	(2,623)
As at 31 December 2024 and 1 January 2025	26,163	46,611	72,774
Additions	3,017	–	3,017
Depreciation charge	(1,830)	(1,177)	(3,007)
As at 31 December 2025	27,350	45,434	72,784

NOTES TO FINANCIAL STATEMENTS

31 December 2025

16. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

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

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	24,831	19,460
New leases	3,017	7,188
Accretion of interest recognised during the year	1,336	1,045
Payments	(2,510)	(2,862)
Carrying amount at 31 December	26,674	24,831
Analysed into:		
Current portion	1,296	1,021
Non-current portion	25,378	23,810

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

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	1,336	1,045
Depreciation charge of right-of-use assets	3,007	2,623
Expense relating to short-term leases (included in selling and distribution expenses and administrative expenses)	228	259
Total amount recognised in profit or loss	4,571	3,927

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 35(c) and 37, respectively, to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

16. LEASES (continued)

The Group as a lessor

Operating leases

The Group leases its investment properties (note 15) consisting of commercial properties and industrial properties in Chinese mainland under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB290,000 (2024: RMB362,000), details of which are included in note 5 to the financial statements.

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

	2025 RMB'000	2024 RMB'000
Within one year	238	122
After one year but within two years	213	122
After two years but within three years	200	97
Total	651	341

Finance leases

On 25 December 2019, the Company entered into a heat energy system construction and supply agreement with Shushan Sanatorium, under which the Company agreed to construct a water boiler powered by PNG and electricity in Shushan Sanatorium at the Company's costs, and the Company shall, from the date of completion of the construction of the water boiler, supply to Shushan Sanatorium heat energy generated from the water boiler and Shushan Sanatorium shall pay the Company a monthly service fee for the heat energy supplied and a fixed yearly usage fee for a term of 20 years. The proprietary title of the water boiler shall be transferred to Shushan Sanatorium at the end of the 20-year term. As the Company transferred substantially all the risks and rewards incidental to the ownership of the underlying asset to Shushan Sanatorium, the transaction is accounted for as a finance lease, which is disclosed in note 13 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. GOODWILL

	2025 RMB'000	2024 RMB'000
Cost and net carrying amount	28,506	28,506

Impairment testing of goodwill

Goodwill acquired in a business combination is allocated to cash-generating units (“CGUs”) that are expected to benefit from that business combination. The management considers that each subsidiary represents a separate CGU for the purpose of goodwill impairment testing.

The carrying amount of goodwill allocated to a cash-generating unit which is a subsidiary of the Company is as follows:

	2025 RMB'000	2024 RMB'000
Xinao Development	28,506	28,506

The recoverable amount of Xinao Development was determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by Xinao Development’s management. The discount rate applied to the cash flow projections was 9.6% (2024: 9.1%) and cash flows beyond the five-year period were extrapolated using a growth rate of 0.0% (2024:0.0%). Xinao Development’s management does not believe that there should be a material change in the discount rate during the reporting periods given that there was no significant change and no significant change is expected in the market in which Xinao Development operates thus the risks specific to Xinao Development remain stable. Xinao Development’s management believes that this growth rate is conservative and reliable for the purpose of impairment testing.

Assumptions were used in the value-in-use calculation of the cash-generating unit for the reporting period. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill:

Revenue:	The bases used to determine the future earnings potential are historical sales and average and expected growth rates of the market in the PRC.
Gross margins:	The gross margins are based on the average gross margin achieved in the past five years and expected trend in the future.
Expenses:	The value assigned to the key assumptions reflects past experience and management’s commitment to maintain the Group’s operating expenses to an acceptable level.
Discount rates:	The discount rate used are before tax and reflect management’s estimate of the risks specific to Xinao Development. In determining appropriate discount rates for the unit, regard has been given to the applicable borrowing rate of the Group during the reporting periods.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. GOODWILL (continued)

The values assigned to the key assumptions on market development of industrial products and infrastructure industries, discount rates and raw materials price inflation are consistent with external information sources.

According to the results of the impairment testing on CGU, the amounts (i.e., the headroom) by which the estimated recoverable amounts of the CGU exceed its carrying amounts are set out as below:

	2025 RMB'000	2024 RMB'000
Xiniao Development	43,318	165,967

The directors of the Company also performed a sensitivity analysis of the headroom to changes in the expected revenue or the pre-tax discount rate for the year ended 31 December 2025. Had the following estimated key assumptions been changed as below, the headroom would have decreased by the following amounts:

	2025 RMB'000	2024 RMB'000
– Pre-tax discount rate increased by 1%	27,119	42,740
– Expected revenue decreased by 2%	19,650	21,920

Based on the above assessment and the historical results, in the opinion of the directors of the Company, the reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amounts of the CGU to exceed its recoverable amounts as of 31 December 2025.

No impairment of goodwill was recognised for the year ended 31 December 2025 (31 December 2024: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. OTHER INTANGIBLE ASSETS

31 December 2025

	Operating right RMB'000	Software copyrights RMB'000	Total RMB'000
Cost:			
At 31 December 2024 and 1 January 2025	113,870	888	114,758
Additions	–	35	35
At 31 December 2025	113,870	923	114,793
Accumulated amortisation:			
At 31 December 2024 and 1 January 2025	44,688	643	45,331
Amortisation provided during the year	7,346	95	7,441
At 31 December 2025	52,034	738	52,772
Net carrying amount:			
At 31 December 2024	69,182	245	69,427
At 31 December 2025	61,836	185	62,021

31 December 2024

	Operating right RMB'000	Software copyrights RMB'000	Total RMB'000
Cost:			
At 31 December 2023 and 1 January 2024	113,870	885	114,755
Additions	–	7	7
Disposals	–	(4)	(4)
At 31 December 2024	113,870	888	114,758
Accumulated amortisation:			
At 31 December 2023 and 1 January 2024	37,342	544	37,886
Amortisation provided during the year	7,346	103	7,449
Disposals	–	(4)	(4)
At 31 December 2024	44,688	643	45,331
Net carrying amount:			
At 31 December 2023	76,528	341	76,869
At 31 December 2024	69,182	245	69,427

NOTES TO FINANCIAL STATEMENTS

31 December 2025

19. INVESTMENTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Share of net assets	12,252	11,986

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

Name	Nominal value of paid-up/ registered capital	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Huzhou Zhongshihua Xiniao Natural Gas Co., Ltd. * ("Zhongshihua Xiniao") (湖州中石化新奧天然氣有限公司)	RMB10,000,000	PRC/Chinese mainland	50%	50%	50%	Operation of natural gas refuelling stations
Huzhou Huxing Fuel New Energy Development Co., Ltd. ** ("Huxing Fuel New Energy") (湖州湖興燃新能源開發 有限公司)	RMB30,000,000	PRC/Chinese mainland	40%	40%	40%	Solar power generation technology services; sale of solar thermal power generation equipment and photovoltaic equipment

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

** Huxing Fuel New Energy was established on 28 November 2022 and is 40% held by the Group and 60% held by Changxing Yongxing Construction and Development Co., Ltd. It was accounted for as a joint venture as all of the strategic financial and operating decisions must be approved by two-thirds of shareholders with voting rights in the shareholders' meeting of Huxing Fuel New Energy. Huxing Fuel New Energy commenced business operation since July 2023.

- (a) The joint ventures had no contingent liabilities as at the end of the reporting period.
- (b) The Group's outstanding balances and transactions with the joint ventures during the reporting period are disclosed in note 23 and note 38 to the financial statements, respectively.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

19. INVESTMENTS IN JOINT VENTURES (continued)

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

	2025	2024
	RMB'000	RMB'000
Current assets	5,626	6,198
Non-current assets	24	285
Current liabilities	(502)	(591)
Net assets	5,148	5,892
Reconciliation to the Group's interest in Zhongshihua Xinao:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets of the joint venture	2,574	2,946
Carrying amount of the investment	2,574	2,946
Revenue	990	1,274
Total expense	(1,734)	(2,682)
Loss and total comprehensive expense for the year	(744)	(1,408)
Share of result	(372)	(704)

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

Zhongshihua Xinao did not propose any dividend to the Company during the year (2024: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

19. INVESTMENTS IN JOINT VENTURES (continued)

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

	2025	2024
	RMB'000	RMB'000
Current assets	7,814	5,358
Non-current assets	16,695	17,562
Current liabilities	(313)	(319)
Net assets	24,196	22,601
Reconciliation to the Group's interest in Huxing Fuel New Energy:		
Proportion of the Group's ownership	40%	40%
Group's share of net assets of the joint venture	9,678	9,040
Carrying amount of the investment	9,678	9,040
Revenue	2,582	2,892
Other income	31	94
Total expense	(1,018)	(1,384)
Profit and total comprehensive income for the year	1,595	1,602
Share of result	638	641

The Company did not increase its investment in Huxing Fuel New Energy during the year ended 31 December 2025 (2024: RMB2,333,000).

Huxing Fuel New Energy did not propose any dividend to the Company during the year (2024: Nil).

Huxing Fuel New Energy commenced business operation since July 2023.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Construction materials	10,793	12,877
PNG	987	601
LNG	2,986	1,524
	14,766	15,002
Impairment	(91)	(134)
Total	14,675	14,868

21. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	49,630	43,833
Impairment	(7,668)	(6,188)
	41,962	37,645
Bills receivable	12,254	16,821
Net carrying amount	54,216	54,466

The Group's trading terms with its industrial and commercial customers are mainly on credit except for certain new customers, where payment in advance is required. The average credit period range for trade receivables is within 30 to 90 days. The average maturity period of bills receivable is 3 to 6 months, and bills receivable were neither past due nor impaired. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly and actively monitored by senior management to minimise credit risk. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

21. TRADE AND BILLS RECEIVABLES (continued)

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

	2025 RMB'000	2024 RMB'000
Within 3 months	38,564	35,669
3 months to 6 months	3,134	1,634
6 months to 1 year	264	342
More than 1 year	–	–
Total	41,962	37,645

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

	2025 RMB'000	2024 RMB'000
At beginning of year	6,188	2,972
Impairment losses, net (note 6)	1,480	3,216
At end of year	7,668	6,188

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

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

As at 31 December 2025

	Past due				Total
	Current	Less than 6 months	6 to 12 months	Over 1 year	
Expected credit loss rate	1.36%	3.93%	58.94%	100.00%	15.45%
Gross carrying amount (RMB'000)	38,999	3,360	643	6,628	49,630
Expected credit losses (RMB'000)	529	132	379	6,628	7,668

NOTES TO FINANCIAL STATEMENTS

31 December 2025

21. TRADE AND BILLS RECEIVABLES (continued)

As at 31 December 2024

	Past due				Total
	Current	Less than 6 months	6 to 12 months	Over 1 year	
Expected credit loss rate	0.81%	2.29%	37.13%	100.00%	14.12%
Gross carrying amount (RMB'000)	35,372	2,270	544	5,647	43,833
Expected credit losses (RMB'000)	287	52	202	5,647	6,188

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments	14,249	14,766
Other receivables	1,514	402
Deposits	1,140	103
Other current assets	13,318	15,247
	30,221	30,518
Impairment allowance	(21)	(265)
Total	30,200	30,253

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

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

	2025 RMB'000	2024 RMB'000
At beginning of year	265	162
Impairment losses, net (note 6)	(244)	103
At end of year	21	265

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. BALANCES WITH RELATED PARTIES

	Notes	2025 RMB'000	2024 RMB'000
Amounts due from related parties:			
ENN (Zhoushan) LNG Co., Ltd.	(i)	3,134	2,937
Ningbo Chengji Energy Trading Co., Ltd.	(i)	2,435	1,694
Huzhou Shushan Sanatorium Co., Ltd.	(i)	1,285	792
Xinao Insurance Brokers Co., Ltd.	(i)	1,143	788
Huzhou Licheng Investment Development Co., Ltd.	(i)	314	1,098
Huzhou Wuxing South Taihu Agricultural Products Co., Ltd.	(i)	101	1,008
Huzhou Talent Development Group Co., Ltd.	(i)	91	–
Huzhou Fangzong Real Estate Group Co., Ltd.	(i)	82	118
Huzhou Chengyun Market Development Co., Ltd.	(i)	65	–
Huzhou Weineng Environment Co., Ltd.	(i)	51	52
Zhejiang Huzhou Pinhui Trading Co., Ltd.	(i)	45	–
Huzhou Jinglong Real Estate Development Co., Ltd.	(i)	34	–
Laikang Life Technology Co., Ltd.	(i)	10	10
Huzhou Sengge New Materials Co., Ltd.	(i)	8	–
Huzhou Nanxun Xinjiangnan Culinary Culture Co., Ltd.	(i)	3	–
		8,801	8,497
Amounts due to related parties:			
Zhoushan ENN Energy Trading Co., Ltd.	(ii)	18,465	25,429
ENN (Zhoushan) LNG Co., Ltd.	(ii)	7,335	–
Xinao (China) Gas Investment Company Limited	(ii)	506	506
Nanjing Xinao Intelligent Technology Co., Ltd.	(ii)	272	378
Huzhou Weineng Environment Co., Ltd.	(ii)	157	158
Huzhou Huaxing Urban Construction Development Co., Ltd.	(ii)	128	1,547
Xinao Shuneng Technology Co., Ltd.	(ii)	75	41
Bokang Intelligent Information Technology Co., Ltd.	(ii)	46	–
Langfang Branch of Xinao (China) Gas Investment Co., Ltd.	(ii)	10	–
Ningbo Chengji Energy Trading Co., Ltd.	(ii)	–	7,870
Zhejiang Xin'ao Energy Development Co., Ltd.	(ii)	–	9
		26,994	35,938

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. BALANCES WITH RELATED PARTIES (continued)

	Notes	2025 RMB'000	2024 RMB'000
Amounts due to related parties included in contract liabilities:			
Huzhou Binyue Real Estate Development Co., Ltd.	(iii)	993	–
Huzhou Weineng Environment Co., Ltd.	(iii)	307	620
Huzhou Sengge New Materials Co., Ltd.	(iii)	197	–
Huzhou Chengyun Market Development Co., Ltd.	(iii)	125	–
Huzhou Wuxing South Taihu Agricultural Products Co., Ltd.	(iii)	117	119
Huzhou Hotel Co., Ltd.	(iii)	19	18
Huzhou Zhongfang Zhiye Co., Ltd.	(iii)	17	12
Huzhou urban Cultural Tourism Operation Group Co., Ltd.	(iii)	15	–
Huzhou Fangzong Real Estate Group Co., Ltd.	(iii)	11	121
Huzhou Urban Investment Talent Industrial Park Development and Management Co., Ltd.	(iii)	10	527
Huzhou Huaxing Urban Construction Development Co., Ltd.	(iii)	6	17
Huzhou City Water Group Co., Ltd.	(iii)	5	3
Huzhou Licheng Investment Development Co., Ltd.	(iii)	2	2
Huzhou Urban Digital Technology Co., Ltd.	(iii)	2	–
Huzhou Urban Construction Investment Group Co., Ltd.	(iii)	–	5
Huzhou Health Group Co., Ltd.	(iii)	–	17
		1,826	1,461

	Notes	2025 RMB'000	2024 RMB'000
Amount due to a related party included in lease liabilities:			
Huzhou Talent Development Group Co., Ltd.	(iv)	1,049	1,357

Amount due from a related party included in lease receivables:

Huzhou Shushan Sanatorium Co., Ltd.	(v)	3,626	5,057
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Notes:

- (i) The amounts due from the related party of RMB8,801,000 as at 31 December 2025 (2024: RMB8,497,000) was trade in nature, unsecured and interest-free.
- (ii) The amounts due to related parties of RMB26,994,000 as at 31 December 2025 (2024: RMB35,938,000) were trade in nature, unsecured, interest-free and repayable on demand.
- (iii) The amounts due to related parties included in the contract liabilities were trade in nature, unsecured and interest-free.
- (iv) The amount due to the related party included in lease liabilities was trade in nature, unsecured and was paid monthly.
- (v) The amount due from the related party included in lease receivables was trade in nature, unsecured and was paid annually.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	309,434	828,524
Time deposits	509,421	30,000
Pledged deposits	20	20
Subtotal	818,875	858,544
Less: Pledged time deposits:		
Pledged for ETC equipment	(20)	(20)
Time deposits with original maturity of more than three months	(509,421)	(30,000)
Cash and cash equivalents	309,434	828,524
Denominated in Hong Kong Dollars ("HK\$")	2	5
Denominated in RMB	309,432	828,519
	309,434	828,524

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and pledged deposits approximate to their fair values.

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

25. TRADE PAYABLES

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

	2025 RMB'000	2024 RMB'000
Within 3 months	95,580	101,996
3 to 6 months	15,715	10,511
6 to 12 months	8,448	11,059
Over 1 year	4,445	4,177
Total	124,188	127,743

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

26. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Security deposits	7,312	8,486
Purchase of fixed assets	8,025	10,628
Payroll and welfare	56,350	56,411
Other tax payables	19,767	22,805
Prepayment from the government for disposal of long-term assets	18,265	45,743
Others	3,908	3,764
Total	113,627	147,837

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

27. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
<i>Short-term advances received from customers:</i>		
Sale of natural gas	196,782	177,120
Construction and installation services	74,627	76,957
Sale of household gas appliances and relevant equipment	26,745	8,664
Sale of energy	1,608	223
Subtotal	299,762	262,964
<i>Long-term advances received from customers:</i>		
Construction and installation services	66,693	105,537
Subtotal	66,693	105,537
Total	366,455	368,501

Contract liabilities mainly include advances received to sale of natural gas, construction and installation services, sale of household gas appliances and relevant equipment and sale of energy. The increase in contract liabilities in 2025 was mainly due to the increase in advances received from customers in relation to the sale of natural gas.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate	Maturity	2025 RMB'000	Effective interest rate	Maturity	2024 RMB'000
Current						
Bank loans – secured	Loan Prime Rate-40bps	2026	<u>900</u>	Loan Prime Rate-40bps	2025	<u>300</u>
Non-current						
Bank loans – secured	Loan Prime Rate-40bps	2027-2036	<u>21,800</u>	Loan Prime Rate-40bps	2026-2036	<u>14,550</u>
Total			<u>22,700</u>			<u>14,850</u>

Analysed into:

	2025 RMB'000	2024 RMB'000
Within one year or on demand	900	300
In the second year	1,100	500
In the third to fifth years, inclusive	5,100	2,700
Beyond five years	15,600	11,350
Total	<u>22,700</u>	<u>14,850</u>

The Group's bank loans are secured by the pledge of future photovoltaic income of six photovoltaic projects of a subsidiary of the Company.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

29. DEFERRED TAX

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

Deferred tax liabilities

	2025			
	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments arising from acquisition of a subsidiary RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2025	18,142	18,187	6,541	42,870
Deferred tax credited to the statement of profit or loss during the year (note 10)	(210)	(1,379)	296	(1,293)
Gross deferred tax liabilities at 31 December 2025	17,932	16,808	6,837	41,577

	2024			
	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments arising from acquisition of a subsidiary RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2024	19,764	22,324	5,105	47,193
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	(1,622)	(4,137)	1,436	(4,323)
Gross deferred tax liabilities at 31 December 2024	18,142	18,187	6,541	42,870

NOTES TO FINANCIAL STATEMENTS

31 December 2025

29. DEFERRED TAX (continued)

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

Deferred tax assets

	Impairment of financial assets RMB'000	Provision for inventories RMB'000	Government grants RMB'000	2025 Provision for contract liabilities RMB'000	Accrued expenses RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2025	1,059	29	22,736	729	42	6,703	31,298
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	259	(6)	12,995	(2)	9	414	13,669
Deferred tax credited to other comprehensive income during the year	1	-	-	-	-	-	1
Gross deferred tax assets at 31 December 2025	1,319	23	35,731	727	51	7,117	44,968

	Impairment of financial assets RMB'000	Provision for inventories RMB'000	Government grants RMB'000	2024 Provision for contract liabilities RMB'000	Accrued expenses RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	792	44	4,455	797	19	5,177	11,284
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	275	(15)	18,281	(68)	23	1,526	20,022
Deferred tax charged to other comprehensive income during the year	(8)	-	-	-	-	-	(8)
Gross deferred tax assets at 31 December 2024	1,059	29	22,736	729	42	6,703	31,298

NOTES TO FINANCIAL STATEMENTS

31 December 2025

29. DEFERRED TAX (continued)

Deferred tax assets (continued)

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

	2025 RMB'000	2024 RMB'000
Deferred tax offset in the consolidated statement of financial position	24,776	21,218
Net deferred tax assets recognised in the consolidated statements of financial position	20,192	10,080
Net deferred tax liabilities recognised in the consolidated statements of financial position	16,801	21,652

The Group has no tax losses arising in Chinese mainland (2024: Nil) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

30. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grant	124,358	71,505

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

31. OTHER NON-CURRENT LIABILITIES

	2025 RMB'000	2024 RMB'000
Prepayment from the government for the disposal of long-term assets	3,971	8,877
The government grants related to asset construction and operation	19,692	20,991
Other tax payables	360	499
Total	24,023	30,367

NOTES TO FINANCIAL STATEMENTS

31 December 2025

32. SHARE CAPITAL

Shares

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
202,714,500 (2024: 202,714,500) ordinary shares	202,715	202,715

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	202,714,500	202,715

33. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 77 to 78 of the financial statements.

Other reserve

On 17 July 2019, the Group disposed of partial interests in a subsidiary without losing control. The difference between the consideration and the proportionate share of net assets disposed of and net with the proportionate of tax was recorded in other reserve.

Statutory surplus reserve (the "SSR")

In accordance with the Company Law of the PRC and the respective articles of association of the subsidiaries established in Chinese mainland (the "**PRC Subsidiaries**"), each PRC Subsidiary is required to allocate 10% of its profits after tax, as determined in accordance with the applicable PRC accounting standards and regulations, to the SSR until such reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR can be reorganised as paid-up capital, provided that the remaining balance after the reorganisation is not less than 25% of the registered capital.

The SSR is non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as issued capital.

In accordance with the Company Law of the PRC, profits after tax of the PRC companies can be distributed as dividends after the appropriation to the SSR as set out above.

Distributable reserve

For dividend purposes, the amounts which the PRC companies can legally distribute by way of a dividend are determined by reference to the distributable profits as reflected in their PRC statutory financial statements which are prepared in accordance with PRC GAAP. These profits differ from those that are reflected in the Historical Financial Information which is prepared in accordance with IFRS Accounting Standards.

Special reserve – safety fund

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Groups' subsidiaries that have material non-controlling interests are set out below:

	2025	2024
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Percentage of equity interests held by non-controlling interests:

Nanxun Xinao	49%	49%
Nanxun Xinao Development	49%	49%

	2025 RMB'000	2024 RMB'000
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Profit for the year allocated to non-controlling interests:

Nanxun Xinao	12,925	17,919
Nanxun Xinao Development	41,082	33,145

Dividend paid to non-controlling interest of Nanxun Xinao	18,319	23,406
Dividend paid to non-controlling interest of Nanxun Xinao Development	31,887	27,379

Accumulated balances of non-controlling interests at the reporting date:

Nanxun Xinao	47,426	52,820
Nanxun Xinao Development	49,342	40,147

NOTES TO FINANCIAL STATEMENTS

31 December 2025

34. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

Nanxun Xinao	2025 RMB'000	2024 RMB'000
Revenue	981,543	1,073,876
Cost	(911,266)	(996,731)
Total expenses	(43,899)	(40,575)
Profit for the year	26,378	36,570
Total comprehensive income for the year	26,378	36,570
Current assets	44,985	94,378
Non-current assets	385,777	370,223
Current liabilities	(232,109)	(199,913)
Non-current liabilities	(101,866)	(156,895)
Net cash flows from operating activities	66,846	135,650
Net cash flows used in investing activities	(10,038)	(47,154)
Net cash flows used in financing activities	(77,955)	(129,482)
Net decrease in cash and cash equivalents	(21,147)	(40,986)
Nanxun Xinao Development	2025 RMB'000	2024 RMB'000
Revenue	359,889	405,345
Cost	(247,891)	(315,368)
Total expenses	(28,157)	(22,333)
Profit for the year	83,841	67,644
Total comprehensive income for the year	83,841	67,644
Current assets	130,516	96,056
Non-current assets	130,993	177,042
Current liabilities	(93,972)	(76,851)
Non-current liabilities	(66,839)	(108,314)
Net cash flows from/(used in) operating activities	57,933	(18,992)
Net cash flows from investing activities	17,643	67,418
Net cash flows used in financing activities	(66,168)	(56,904)
Net increase/(decrease) in cash and cash equivalents	9,408	(8,478)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,017,000 (2024: RMB7,188,000) and RMB3,017,000 (2024: RMB7,188,000), respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Dividends RMB'000
At 1 January 2025	14,850	24,831	-
Changes from financing cash flows	7,069	(2,510)	(111,240)
Interest expense	781	1,336	-
New leases	-	3,017	-
Dividend declared during the year	-	-	111,240
At 31 December 2025	22,700	26,674	-

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Dividends RMB'000
At 1 January 2024	-	19,460	-
Changes from financing cash flows	13,437	(2,862)	(111,746)
Interest expense	1,413	1,045	-
New leases	-	7,188	-
Dividend declared during the year	-	-	111,746
At 31 December 2024	14,850	24,831	-

NOTES TO FINANCIAL STATEMENTS

31 December 2025

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flow is as follows:

	2025	2024
	RMB'000	RMB'000
Within operating activities	228	259
Within financing activities	2,510	2,862
	2,738	3,121

36. PLEDGE OF ASSETS

Details of the Group's assets pledged for electronic toll collection ("ETC") equipment are included in note 24 to the financial statements.

37. COMMITMENTS

The Group has various lease contracts that have not yet commenced as at 31 December 2025. The future lease payments for these non-cancellable lease contracts are RMB434,000 (2024: RMB176,000) due within one year, RMB377,000 (2024: RMB176,000) due in the next year.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS

(a) Name and relationship:

Name of related party	Relationship with the Group
Xiniao (China) Gas Investment Company Limited ("ENN (China)") (新奧(中國)燃氣投資有限公司)	Shareholder of the Company
Langfang Branch of Xiniao (China) Gas Investment Company Limited ("Langfang Branch of ENN (China)") (新奧(中國)燃氣投資有限公司廊坊分公司)	Branch of shareholder of the Company
Huzhou Zhongshihua Xiniao Natural Gas Co., Ltd. ("Zhongshihua Xiniao") 湖州中石化新奧天然氣有限公司	Joint venture
Huzhou Huaxing Urban Construction Development Co., Ltd. ("Huzhou Huaxing") (湖州市華興城建發展有限公司)	Company controlled by the controlling shareholder of the Company
Huzhou Fangzong Real Estate Group Co., Ltd. ("Huzhou Fangzong") (湖州房總地產開發集團有限公司)	Company controlled by the controlling shareholder of the Company
Huzhou Zhongfang Zhiye Co., Ltd. ("Huzhou Zhongfang") (湖州中房置業有限公司)	Company controlled by the controlling shareholder of the Company
Huzhou Urban Construction Investment Group Co., Ltd. ("Huzhou Urban Construction") (湖州市城建投資集團有限公司)	Company controlled by the controlling shareholder of the Company
Huzhou Shushan Sanatorium Co., Ltd. ("Shushan Sanatorium") (湖州蜀山老年醫院有限公司)	Company controlled by the controlling shareholder of the Company
Huzhou Weineng Environment Co., Ltd. ("Weineng Environment") (湖州威能環境服務有限公司)	Company controlled by the controlling shareholder of the Company
Huzhou Northern City Construction Investment Co., Ltd. ("Huzhou Northern City") (湖州市北建設投資有限公司)	Company controlled by the controlling shareholder of the Company

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(a) Name and relationship: (continued)

Name of related party	Relationship with the Group
Huzhou City Investment Assets Management Co., Ltd. ("Huzhou Assets Management") (湖州市城投資產管理有限公司)	Company controlled by the controlling shareholder of the Company
Huzhou Licheng Investment Development Co., Ltd. ("Huzhou Licheng") (湖州立城投資建設有限公司)	Company controlled by the controlling shareholder of the Company
Huzhou City Historical Civilisation Community Protection Reconstruction Co., Ltd. ("Huzhou Historical Reconstruction") (湖州市歷史文化街區保護改造有限公司)	Company controlled by the controlling shareholder of the Company
Huzhou City Water Group Co., Ltd. ("Huzhou Water") (湖州市水務集團有限公司)	Company controlled by the controlling shareholder of the Company
Hangzhou Xiaoshan Pipeline Gas Development Co., Ltd. ("Hangzhou Xiaoshan Pipeline Gas") (杭州蕭山管道燃氣發展有限公司)	Company controlled by the controlling shareholder of the Company
Huzhou Wuxing South Taihu Agricultural Products Co., Ltd. ("South Taihu Agricultural Products") (湖州吳興南太湖農產品有限公司)	Company controlled by the controlling shareholder of the Company
ENN Group Co., Ltd. (新奧集團股份有限公司)	Company controlled by shareholders of the Company
Ningbo Chengji Energy Trading Co., Ltd. ("Ningbo Intercity") (寧波城際能源貿易有限公司)	Company controlled by shareholders of the Company
Nanjing Xiniao Intelligent Technology Co., Ltd. ("Nanjing Xiniao Technology") (南京新奧智能科技有限公司)	Company controlled by shareholders of the Company
New Wisdom Cloud Data Service Co., Ltd. ("New Wisdom") (新智雲數據服務有限公司)	Company controlled by shareholders of the Company

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(a) Name and relationship: (continued)

Name of related party	Relationship with the Group
Xinao Insurance Brokers Co., Ltd. ("Xinao Brokers") (新奧保險經紀有限公司)	Company controlled by shareholders of the Company
ENN Hengxin Investment Co., Ltd. ("Hengxin Investment") (新奧恒新投資有限公司)	Company controlled by shareholders of the Company
Xinao Xinneng (Zhejiang) Energy Trading Co., Ltd. ("Xinao Xinneng") (新奧新能(浙江)能源貿易有限公司)	Company controlled by shareholders of the Company
Zhoushan ENN Energy Trading Co., Ltd. ("Zhoushan ENN") (舟山新奧能源貿易有限公司)	Company controlled by shareholders of the Company
ENN (Zhoushan) LNG Co., Ltd. (新奧(舟山)液化天然氣有限公司)	Company controlled by shareholders of the Company
Xindi Energy Engineering Technology Co., Ltd. (新地能源工程技術有限公司)	Company controlled by shareholders of the Company
Huzhou Hotel Co., Ltd. (湖州賓館有限公司)	Company controlled by shareholders of the Company
Huzhou Health Group Co., Ltd. (湖州市健康集團有限公司)	Company controlled by shareholders of the Company
One City One Network Technology Co., Ltd. (一城一家網絡科技有限公司)	Company controlled by shareholders of the Company
Zhejiang Xin'ao Energy Development Co., Ltd. ("Zhejiang Xin'ao Energy") (浙江新奧能源發展有限公司)	Company controlled by shareholders of the Company
Longyou Xinao Intelligent Energy Co., Ltd. ("Longyou Xinao") (龍游新奧智慧能源有限公司)	Company controlled by shareholders of the Company

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(a) Name and relationship: (continued)

Name of related party	Relationship with the Group
Xiniao Energy Power Technology (Shanghai) Co., Ltd. ("Xiniao Energy Power") (新奧能源動力科技(上海)有限公司)	Company controlled by shareholders of the Company
Huzhou Urban Investment Talent Industrial Park Development and Management Co., Ltd ("Huzhou Urban Investment Talent") (湖州城投人才產業園開發管理有限公司)	Company controlled by shareholders of the Company
Huzhou Chuangcheng Construction and Development Co., Ltd ("Huzhou Chuangcheng") (湖州創城建設發展有限公司)	Company controlled by shareholders of the Company
Huzhou Talent Development Group Co., Ltd ("Huzhou Talent Development") (湖州市人才發展集團有限公司)	Company controlled by shareholders of the Company
Seven-cultivation Hotel (新繹七修酒店管理有限公司)	Company controlled by shareholders of the Company
Haining Xiniao Zhicheng Technology Co., Ltd ("Haining Xiniao Zhicheng") (海寧新奧智城科技有限公司)	Company controlled by shareholders of the Company
Xiniao Shuneng Technology Co., Ltd. ("Xiniao Shuneng") (新奧數能科技有限公司)	Company controlled by shareholders of the Company
Huzhou Smart City Research Institute Co., Ltd ("Huzhou Smart City") (湖州智慧城市研究院有限公司)	Company controlled by shareholders of the Company
Laikang Life Technology Co., Ltd. (來康生命科技有限公司)	Company controlled by shareholders of the Company
Huzhou Jinglong Real Estate Development Co., Ltd. ("Huzhou Jinglong") (湖州瓊瓏房地產開發有限公司)	Company controlled by shareholders of the Company

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(a) Name and relationship: (continued)

Name of related party	Relationship with the Group
Huzhou Chengyun Market Development Co., Ltd. ("Huzhou Chengyun") (湖州市城運市場發展有限公司)	Company controlled by shareholders of the Company
Huzhou Sengge New Materials Co., Ltd. ("Huzhou Sengge") (湖州森格新材料有限公司)	Company controlled by shareholders of the Company
Zhejiang Huzhou Pinhui Trading Co., Ltd. ("Huzhou Pinhui") (浙江湖州品惠貿易有限公司)	Company controlled by shareholders of the Company
Huzhou Nanxun Xinjiangnan Culinary Culture Co., Ltd. ("Huzhou Nanxun Xinjiangnan") (湖州南潯新江南美食文化有限公司)	Company controlled by shareholders of the Company
Bokang Intelligent Information Technology Co., Ltd. ("Bokang Intelligent") (博康智能信息技術有限公司)	Company controlled by shareholders of the Company
Huzhou Binyue Real Estate Development Co., Ltd. ("Huzhou Binyue") (湖州濱悅房地產開發有限公司)	Company controlled by shareholders of the Company
Huzhou Urban Digital Technology Co., Ltd. ("Huzhou Urban Digital") (湖州市數字科技有限公司)	Company controlled by shareholders of the Company
Huzhou Urban Cultural Tourism Operation Group Co., Ltd. ("Huzhou Urban Cultural Tourism") (湖州市文化旅遊運營集團有限公司)	Company controlled by shareholders of the Company
Huzhou Xiangxin Construction & Development Co., Ltd. ("Huzhou Xiangxin") (湖州市祥鑫建設開發有限公司)	Company controlled by shareholders of the Company
Huzhou Ruxin Construction & Development Co., Ltd. ("Huzhou Ruxin") (湖州市如鑫建設開發有限公司)	Company controlled by shareholders of the Company

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(a) Name and relationship: (continued)

Name of related party	Relationship with the Group
Huzhou Smart Parking Management Co., Ltd. ("Huzhou Smart Parking") (湖州智慧停車管理股份有限公司)	Company controlled by shareholders of the Company
Jinhua Xiniao Gas Co., Ltd. ("Jinhua Xiniao") (金華新奧燃氣有限公司)	Company controlled by shareholders of the Company
Huzhou Leibo Human Resources Service Co., Ltd. ("Huzhou Leibo") (湖州雷博人力資源服務有限公司)	Company controlled by shareholders of the Company
Xiniao Gas Development Co., Ltd. ("Xiniao Gas Development") (新奧燃氣發展有限公司)	Company controlled by shareholders of the Company
Quzhou Xiniao Gas Co., Ltd. ("Quzhou Xiniao") (衢州新奧燃氣有限公司)	Company controlled by shareholders of the Company
Haining Xiniao Gas Development Co., Ltd. ("Haining Xiniao") (海寧新奧燃氣發展有限公司)	Company controlled by shareholders of the Company
Lanxi Xiniao Gas Co., Ltd. ("Lanxi Xiniao") (蘭溪新奧燃氣有限公司)	Company controlled by shareholders of the Company
Wenzhou Longwan Xiniao Gas Co., Ltd. ("Wenzhou Longwan Xiniao") (溫州龍灣新奧燃氣有限公司)	Company controlled by shareholders of the Company
Yongkang Xiniao Gas Co., Ltd. ("Yongkang Xiniao") (永康新奧燃氣有限公司)	Company controlled by shareholders of the Company
Taizhou Xiniao Gas Co., Ltd. ("Taizhou Xiniao") (台州新奧燃氣有限公司)	Company controlled by shareholders of the Company

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(a) Name and relationship: (continued)

Name of related party	Relationship with the Group
Xiniao Energy Logistics Co., Ltd. ("Xiniao Energy Logistics") (新奧能源物流有限公司)	Company controlled by shareholders of the Company
Hangzhou Linping Xiniao Energy Development Co., Ltd. ("Hangzhou Linping") (杭州臨平新奧能源發展有限公司)	Company controlled by shareholders of the Company
Quzhou Xiniao Energy Development Co., Ltd. ("Quzhou Xiniao Energy Development") (衢州新奧能源發展有限公司)	Company controlled by shareholders of the Company
Xiajiang Xiniao Gas Co., Ltd. ("Xiajiang Xiniao") (峽江新奧燃氣有限公司)	Company controlled by shareholders of the Company
Zhejiang Pujiang Gaofeng Pipeline Gas Co., Ltd. ("Zhejiang Pujiang Gaofeng") (浙江省浦江高峰管道燃氣有限公司)	Company controlled by shareholders of the Company
Taizhou Xiniao Gas Engineering Co., Ltd. ("Taizhou Xiniao Gas Engineering") (台州新奧燃氣工程有限公司)	Company controlled by shareholders of the Company
Ruian Xiniao Gas Co., Ltd. ("Ruian Xiniao") (瑞安新奧燃氣有限公司)	Company controlled by shareholders of the Company

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(a) Name and relationship: (continued)

Name of related party	Relationship with the Group
Haiyan Xinao Gas Co., Ltd. ("Haiyan Xinao") (海鹽新奧燃氣有限公司)	Company controlled by shareholders of the Company
Ruian Xinao Gas Development Co., Ltd. ("Ruian Xinao Gas Development") (瑞安新奧燃氣發展有限公司)	Company controlled by shareholders of the Company
Zhoushan Lan Yan Gas Co., Ltd. ("Zhoushan Lan Yan Gas") (舟山市藍焰燃氣有限公司)	Company controlled by shareholders of the Company
Longyou Xinao Gas Co., Ltd. ("Longyou Xinao Gas") (龍游新奧燃氣有限公司)	Company controlled by shareholders of the Company
Pingxiang Xinao Changfeng Gas Co., Ltd. ("Pingxiang Xinao Changfeng Gas") (萍鄉新奧長豐燃氣有限公司)	Company controlled by shareholders of the Company
Shangrao Xinao Gas Co., Ltd. ("Shangrao Xinao Gas") (上饒市新奧燃氣有限公司)	Company controlled by shareholders of the Company
Zhejiang Xinao Zhijia Technology Co., Ltd. ("Zhejiang Xinao Zhijia") (浙江新奧智家科技有限公司)	Company controlled by shareholders of the Company
Wenling Xinao Hengxi Gas Co., Ltd. ("Wenling Xinao") (溫嶺新奧恒璽燃氣有限公司)	Company controlled by shareholders of the Company
Ningbo Daxie Gas Co., Ltd. ("Ningbo Daxie Gas") (寧波大樹開發區燃氣有限公司)	Company controlled by shareholders of the Company
Wenzhou Xinao Gas Co., Ltd. ("Wenzhou Xinao Gas") (溫州新奧燃氣有限公司)	Company controlled by shareholders of the Company

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(b) The Group had the following transactions with related parties during the year:

	Notes	2025 RMB'000	2024 RMB'000
Joint ventures:			
<i>Purchase of LNG from</i>			
Zhongshihua Xinao	(i)	–	81
<i>Rental income from</i>			
Zhongshihua Xinao	(ii)	203	269
<i>Sale of natural gas to</i>			
Zhongshihua Xinao	(v)	487	376
<i>Sale of energy to</i>			
Zhongshihua Xinao	(iv)	14	25
Others:			
<i>Purchase of materials from</i>			
Nanjing Xinao Technology	(i)	2,482	1,536
Xinao Shuneng	(i)	300	75
Huzhou Water	(i)	154	38
Huzhou Pinhui	(i)	149	–
Seven-cultivation Hotel	(i)	52	20
Xindi Energy Engineering Technology Co., Ltd.	(i)	–	6,725
		3,137	8,394
<i>Purchase of LNG from</i>			
Ningbo Intercity	(i)	43,769	30,664
<i>Purchase of PNG from</i>			
Ningbo Intercity	(i)	890,259	952,479
<i>Purchase of Steam from</i>			
Weineng Environment	(i)	1,512	1,575

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(b) The Group had the following transactions with related parties during the year: (continued)

	Notes	2025 RMB'000	2024 RMB'000
Others: (continued)			
<i>Purchase of services from</i>			
ENN (Zhoushan) LNG Co., Ltd.	(x)	6,723	6,809
Zhoushan ENN	(x)	–	6,892
		6,723	13,701
<i>Administrative and selling expenses paid to</i>			
Huzhou Leibo	(iii)	223	–
Zhejiang Xin'ao Energy	(iii)	164	106
Xinao shuneng	(iii)	137	217
Hengxin Investment	(viii)	129	106
Longyou Xinao	(iii)	59	81
Langfang Branch of ENN (China)	(iii)	66	54
Bokang Intelligent	(iii)	45	–
Huzhou Smart Parking	(iii)	33	–
Haining Xinao	(iii)	3	–
Jinhua Xinao	(iii)	1	–
Wenling Xinao	(iii)	1	–
Hangzhou Xiaoshan Pipeline Gas	(iii)	–	129
		861	693
<i>Sale of natural gas to</i>			
Weineng Environment	(v)	1,301	1,440
Huzhou Sengge	(v)	742	–
South Taihu Agricultural Products	(v)	328	378
Huzhou Hotel Co., Ltd.	(v)	39	55
Shushan Sanatorium	(v)	21	20
Huzhou Licheng	(v)	18	36
Huzhou Urban Cultural Tourism	(v)	18	–
Huzhou Zhongfang	(v)	15	–
Huzhou Urban Digital	(v)	10	–
Huzhou Fangzong	(v)	10	9
Huzhou Urban Construction	(v)	9	14
Huzhou Health Group Co., Ltd.	(v)	7	10
Huzhou Water	(v)	4	6
		2,522	1,968

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(b) The Group had the following transactions with related parties during the year: (continued)

	Notes	2025 RMB'000	2024 RMB'000
Others: (continued)			
<i>Sale of household gas appliances and relevant equipment to</i>			
Huzhou Pinhui	(iv)	865	–
Huzhou Fangzong	(iv)	518	456
Huzhou Xiangxin	(iv)	481	–
Huzhou Urban Investment Talent	(iv)	429	9
Huzhou Binyue	(iv)	163	–
Huzhou Chengyun	(iv)	127	–
Huzhou Jinglong	(iv)	45	–
Huzhou Huaxing	(iv)	24	–
Huzhou Ruxin	(iv)	24	–
South Taihu Agricultural Products	(iv)	9	–
Huzhou Zhongfang	(iv)	8	–
Huzhou Urban Construction	(iv)	2	14
Huzhou Hotel Co., Ltd.	(iv)	–	5
Huzhou Health Group Co., Ltd.	(iv)	–	3
		2,695	487
<i>Provision of construction and installation services to</i>			
Huzhou Huaxing	(vi)	162	–
Huzhou Urban Investment Talent	(vi)	73	2,453
Huzhou Fangzong	(vi)	–	1,727
Huzhou Historical Reconstruction	(vi)	–	388
South Taihu Agricultural Products	(vi)	–	268
Huzhou Smart City	(vi)	–	9
		235	4,845
<i>Finance income from a finance lease of equipment from</i>			
Shushan Sanatorium	(vii)	728	739
<i>Sale of energy to</i>			
Shushan Sanatorium		1,173	1,990

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(b) The Group had the following transactions with related parties during the year: (continued)

	Notes	2025 RMB'000	2024 RMB'000
Others: (continued)			
<i>Sale of distributed photovoltaic power to</i>			
Huzhou Licheng	(iv)	1,979	1,867
South Taihu Agricultural Products	(iv)	1,668	1,196
Weineng Environment	(iv)	882	600
Huzhou Sengge	(iv)	120	–
Huzhou Chengyun	(iv)	60	–
Huzhou Nanxun Xinjiangnan	(iv)	25	–
		4,734	3,663
<i>Insurance referral service provided to</i>			
Xinao Brokers		5,767	7,096
<i>Sale of other services to</i>			
Zhejiang Xin'ao Energy	(iv)	33	–
Haining Xinao	(iv)	7	–
Hangzhou Xiaoshan Pipeline Gas	(iv)	6	–
Jinhua Xinao	(iv)	5	–
Ningbo Intercity	(iv)	3	143
Yongkang Xinao	(iv)	3	–
Taizhou Xinao Gas Engineering	(iv)	3	–
Longyou Xinao Gas	(iv)	3	–
Shangrao Xinao Gas	(iv)	3	–
Wenzhou Xinao Gas	(iv)	2	–
Ningbo Daxie Gas	(iv)	2	–
ENN (Zhoushan) LNG Co., Ltd.	(iv)	2	–
Quzhou Xinao	(iv)	2	–
Lanxi Xinao	(iv)	2	–
Wenzhou Longwan Xinao	(iv)	2	–
Taizhou Xinao	(iv)	2	–
Xinao Energy Logistics	(iv)	2	–
Hangzhou Linping	(iv)	2	–
Xiajiang Xinao	(iv)	2	–
Ruian Xinao	(iv)	2	–

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(b) The Group had the following transactions with related parties during the year: (continued)

	Notes	2025 RMB'000	2024 RMB'000
Others: (continued)			
<i>Sale of other services to (continued)</i>			
Haiyan Xinao	(iv)	2	–
Ruian Xinao Gas Development	(iv)	2	–
Zhoushan Lan Yan Gas	(iv)	2	–
Pingxiang Xinao Changfeng Gas	(iv)	2	–
Quzhou Xinao Energy Development	(iv)	1	–
Zhejiang Pujiang Gaofeng	(iv)	1	–
Huzhou Fangzong	(iv)	–	4
		98	147
<i>Rental expenses to</i>			
Huzhou Talent Development	(ix)	333	271
Huzhou Huaxing	(ix)	–	133
		333	404
<i>Rental income from</i>			
Huzhou Assets Management	(ii)	2	60

Notes:

- (i) Transaction prices of purchases from related parties were determined based on contracts offered by the related parties to all customers.
- (ii) Rental income represents considerations received for the rental of investment properties from the Group's related party. Annual rentals were determined with reference to prevailing market prices of similar properties.
- (iii) Administrative and selling expenses were mainly expenses for IT service, training, conference and charge services provided by the related parties. The transaction prices were determined based on prices by the related parties offered to independent third-party customers.
- (iv) Service and goods income from related parties was determined based on prices and conditions of transactions with the Group's major independent third-party customers.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(b) The Group had the following transactions with related parties during the year: (continued)

Notes: (continued)

- (v) The sales prices of natural gas to related parties were determined according to the published prices and conditions offered to the major independent third – party customers of the Group.
- (vi) Transaction prices of provision of construction and installation services rendered to related parties were determined based on prices and conditions offered by the Group to the major independent third-party customers.
- (vii) The finance income from a finance lease of equipment has an embedded interest rate of 17% which was determined according to market interest rate of similar transactions.
- (viii) Since 2021, Hengxin Investment charges the Group the Call Centre System Service fee every half year and the fee was determined with reference to prevailing market prices.
- (ix) The fee for leasing services paid to the related party was determined with reference to prevailing market prices.
- (x) The Group entered into an agreement with Zhoushan ENN and ENN (Zhoushan) LNG Co., Ltd., pursuant to which Zhoushan ENN and ENN (Zhoushan) LNG Co., Ltd. shall provide to the Group facility for storing natural gas of not less than 5% of the Group's annual natural gas consumption volume ("**Natural Gas Reserve Service**").

(c) Outstanding balances with related parties:

Details of the Group's balances with related parties at the end of the reporting period are disclosed in note 23 to the financial statements.

(d) Compensation of key management personnel of the Group:

Details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

The related party transactions above (except transactions with Zhongshihua Xinao, a joint venture) also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
	RMB'000	RMB'000	RMB'000
		Debt investments	
Lease receivable	4,986	–	4,986
Trade and bills receivables	54,216	–	54,216
Debt investments at fair value through other comprehensive income	–	417	417
Financial assets included in prepayments, other receivables and other assets	2,633	–	2,633
Due from related parties	8,801	–	8,801
Pledged deposits	20	–	20
Time deposits	509,421	–	509,421
Cash and cash equivalents	309,434	–	309,434
Total	889,511	417	889,928

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	124,188
Financial liabilities included in other payables and accruals	19,245
Interest-bearing bank borrowings	22,700
Due to related parties	26,994
Lease liabilities	26,674
Total	219,801

NOTES TO FINANCIAL STATEMENTS

31 December 2025

39. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2024

Financial assets

	Financial assets at amortised cost RMB'000
Lease receivable	5,057
Trade and bills receivables	37,645
Financial assets included in prepayments, other receivables and other assets	240
Due from related parties	8,497
Pledged deposits	20
Time deposits	30,000
Cash and cash equivalents	828,524
Bills receivable	16,821
Total	926,804

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	127,743
Financial liabilities included in other payables and accruals	22,878
Interest-bearing bank borrowings	14,850
Due to related parties	35,938
Lease liabilities	24,831
Total	226,240

NOTES TO FINANCIAL STATEMENTS

31 December 2025

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Time deposits, non-current portion	306,390	–	302,661	–
Financial liabilities				
Interest-bearing bank borrowings, non-current portion	21,800	14,550	20,698	13,786

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, trade receivables, financial assets included in prepayments, other receivables and other assets, amounts due from related parties, trade payables, financial liabilities included in other payables and accruals, amounts due to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Bills receivable held both to collect cash flows and to sell in financial assets at fair value through other comprehensive income are measured using the discounted cash flow method.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Chinese mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Debt investments at fair value through other comprehensive income	-	417	-	417

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Debt investments at fair value through other comprehensive income	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

31 December 2025

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Time deposits, non-current portion	-	302,661	-	302,661

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Time deposits, non-current portion	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

31 December 2025

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank borrowings, non-current portion	-	20,698	-	20,698

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank borrowings, non-current portion	-	13,786	-	13,786

NOTES TO FINANCIAL STATEMENTS

31 December 2025

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. As at 31 December 2025, the total interest-bearing bank borrowings of RMB22,700,000 (December 31, 2024: RMB14,850,000) of the Group were with floating interest rates denominated in RMB.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB interest rate, with all other variables held constant, of the Group's loss before tax through the impact on floating rate borrowings. This analysis does not include the effect of interest capitalized.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2025		
RMB	100	227
RMB	(100)	(227)
2024		
RMB	100	149
RMB	(100)	(149)

Foreign currency risk

The Group's businesses are located in Chinese mainland and the majority of transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group has not hedged its foreign exchange rate risk. The management of the Company consider the Group's exposure to foreign currency risk not significant.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Lease receivables – normal**	4,986	-	-	-	4,986
Debt investments at fair value through other comprehensive income	417	-	-	-	417
Trade and bills receivables*	-	-	-	61,884	61,884
Financial assets included in prepayments, other receivables and other assets – normal**	2,654	-	-	-	2,654
Due from related parties – normal**	8,801	-	-	-	8,801
Pledged deposits – not yet past due	20	-	-	-	20
Time deposits – not yet past due	509,421	-	-	-	509,421
Cash and cash equivalents – not yet past due	309,434	-	-	-	309,434
Total	835,733	-	-	61,884	897,617

NOTES TO FINANCIAL STATEMENTS

31 December 2025

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES(continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Lease receivables – normal**	5,057	–	–	–	5,057
Trade and bills receivables*	–	–	–	60,654	60,654
Financial assets included in prepayments, other receivables and other assets – normal**	505	–	–	–	505
Due from related parties – normal**	8,497	–	–	–	8,497
Pledged deposits – not yet past due	20	–	–	–	20
Time deposits – not yet past due	30,000	–	–	–	30,000
Cash and cash equivalents – not yet past due	828,524	–	–	–	828,524
Total	872,603	–	–	60,654	933,257

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets and amounts due from related parties is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through maintaining sufficient cash and cash equivalents, the use of bank loans and lease liabilities. In addition, banking facilities have been put in place for contingency purposes.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2025					Total RMB'000
	On demand RMB'000	Less than 1 year RMB'000	1 years to 2 years RMB'000	2 years to 5 years RMB'000	Over 5 years RMB'000	
Trade payables	-	124,188	-	-	-	124,188
Financial liabilities included in other payables and accruals	-	19,245	-	-	-	19,245
Interest-bearing bank borrowings	-	1,589	1,758	6,803	17,021	27,171
Due to related parties	-	26,994	-	-	-	26,994
Lease liabilities	-	2,527	2,546	6,430	37,664	49,167
Total contractual undiscounted payments	-	174,543	4,304	13,233	54,685	246,765

	2024					Total RMB'000
	On demand RMB'000	Less than 1 year RMB'000	1 years to 2 years RMB'000	2 years to 5 years RMB'000	Over 5 years RMB'000	
Trade payables	-	127,743	-	-	-	127,743
Financial liabilities included in other payables and accruals	-	22,878	-	-	-	22,878
Interest-bearing bank borrowings	-	756	943	3,889	12,556	18,144
Due to related parties	-	35,938	-	-	-	35,938
Lease liabilities	-	2,210	2,179	6,228	37,517	48,134
Total contractual undiscounted payments	-	189,525	3,122	10,117	50,073	252,837

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using gearing ratio, which is net debt divided by the capital plus net debt. The Group's net debt includes interest-bearing bank borrowings and lease liabilities, less cash and cash equivalents, pledged deposits and time deposits. Capital includes equity attributable to owners of the parent. The gearing ratios at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Interest-bearing bank borrowings	22,700	14,850
Lease liabilities	26,674	24,831
Less: Cash and cash equivalents	(309,434)	(828,524)
Pledged deposits	(20)	(20)
Time deposits	(509,421)	(30,000)
Net debt	(769,501)	(818,863)
Equity attributable to owners of the parent	1,272,008	1,238,148
Capital and net debt	502,507	419,285
Gearing ratio	N/A*	N/A*

* As at 31 December 2025 and 31 December 2024, the Group's balances of cash and cash equivalents, pledged deposits and time deposits exceeded the financial liabilities. As such, there were no gearing ratios as at 31 December 2025 and 31 December 2024.

42. EVENTS AFTER THE REPORTING PERIOD

On 25 February 2026, the Group entered into the Property Sale and Purchase Contract with Huzhou Ruxin Construction Development Co., Ltd. ("**Ruxin Construction**"), pursuant to which the Group acquired the property located in Huzhou City, for a consideration of RMB42,750,000. Ruxin Construction is 100% indirectly owned by Huzhou City Investment and Development Group Co., Ltd., a controlling shareholder of the Company.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Lease receivables	3,626	3,697
Property, plant and equipment	285,185	263,377
Investment properties	1,513	927
Investments in subsidiaries	441,912	442,549
Investments in joint ventures	12,252	11,986
Right-of-use assets	23,688	24,579
Deferred tax assets	8,636	1,932
Other intangible assets	139	213
Time deposits	204,260	–
Total non-current assets	981,211	749,260
CURRENT ASSETS		
Due from related parties	5,331	53,979
Inventories	8,047	5,540
Lease receivables	1,360	1,360
Trade and bills receivables	24,291	28,976
Debt investments at fair value through other comprehensive income	218	–
Prepayments, other receivables and other assets	9,977	15,728
Pledged deposits	12	12
Time deposits	203,031	–
Cash and cash equivalents	184,391	507,165
Total current assets	436,658	612,760
CURRENT LIABILITIES		
Trade payables	20,090	24,688
Other payables and accruals	45,824	49,482
Contract liabilities	112,329	101,899
Due to related parties	28,226	35,413
Tax payables	9,250	4,786
Lease liabilities	368	331
Total current liabilities	216,087	216,599

NOTES TO FINANCIAL STATEMENTS

31 December 2025

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	2025 RMB'000	2024 RMB'000
NET CURRENT ASSETS	220,571	396,161
TOTAL ASSETS LESS CURRENT LIABILITIES	1,201,782	1,145,421
NON-CURRENT LIABILITIES		
Deferred tax liabilities	-	-
Deferred income	32,317	6,000
Other non-current liabilities	19,692	20,991
Lease liabilities	736	1,049
Total non-current liabilities	52,745	28,040
Net assets	1,149,037	1,117,381
EQUITY		
Share capital	202,715	202,715
Other reserves	946,322	914,666
Total equity	1,149,037	1,117,381

NOTES TO FINANCIAL STATEMENTS

31 December 2025

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2024	202,715	798,028	25,196	(26)	41,862	1,067,775
Profit for the year	-	-	-	-	110,394	110,394
Other comprehensive income for the year:	-	-	-	-	-	-
Fair value reserve of financial assets at fair value through other comprehensive income, net of tax	-	-	-	26	-	26
Total comprehensive income for the year	-	-	-	26	110,394	110,420
Statutory surplus reserve	-	-	11,039	-	(11,039)	-
Dividend declared	-	-	-	-	(60,814)	(60,814)
At 31 December 2024	202,715	798,028	36,235	-	80,403	1,117,381
At 31 December 2024 and 1 January 2025	202,715	798,028	36,235	-	80,403	1,117,381
Profit for the year	-	-	-	-	92,471	92,471
Other comprehensive income for the year:	-	-	-	-	-	-
Fair value reserve of financial assets at fair value through other comprehensive income, net of tax	-	-	-	(1)	-	(1)
Total comprehensive income for the year	-	-	-	(1)	92,471	92,470
Statutory surplus reserve	-	-	9,247	-	(9,247)	-
Dividend declared	-	-	-	-	(60,814)	(60,814)
At 31 December 2025	202,715	798,028	45,482	(1)	102,813	1,149,037

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2026.

FIVE-YEAR FINANCIAL SUMMARY

	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,858,737	2,579,459	2,435,567	2,372,643	2,275,914
Cost of sales	(1,573,265)	(2,465,002)	(2,168,637)	(2,094,450)	(2,011,657)
Gross profit	285,472	114,457	266,930	278,193	264,257
Selling and distribution expenses	(35,056)	(32,430)	(33,255)	(35,740)	(35,860)
Administrative expenses	(40,210)	(49,060)	(48,722)	(48,612)	(49,212)
Other expenses	(4,965)	(2,648)	(10,399)	(12,634)	(12,192)
Profit before tax	221,688	170,896	216,311	206,017	188,918
Income tax expense	(54,996)	(41,650)	(52,013)	(36,871)	(39,915)
Profit for the year	166,692	129,246	164,298	169,146	149,003
Attributable to:					
Owners of the parent	119,714	104,091	110,837	117,792	94,677
Non-controlling interests	46,978	25,155	53,461	51,354	54,326
Total non-current assets	998,293	1,080,226	1,196,950	1,241,907	1,622,253
Total current assets	894,606	1,218,617	1,004,724	967,988	622,154
Total current liabilities	729,232	866,940	650,771	607,257	592,377
Total non-current liabilities	145,918	234,588	273,112	267,421	279,053
Equity attributable to owners of the parent	943,916	1,131,012	1,181,144	1,238,148	1,272,008

