

# Independent Auditor's Report

For the year ended 31st December 2025

# Deloitte.

# 德勤

**TO THE SHAREHOLDERS OF TOWNGAS SMART ENERGY COMPANY LIMITED**

**港華智慧能源有限公司**

*(incorporated in the Cayman Islands with limited liability)*

## Opinion

We have audited the consolidated financial statements of Towngas Smart Energy Company Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 92 to 200, which comprise the consolidated statement of financial position as at 31st December 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have 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 judgment, 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.



## Key Audit Matters (Continued)

### Key audit matter

### How our audit addressed the key audit matter

#### *Impairment assessment of goodwill of certain cash-generating units ("CGUs")*

We identified impairment assessment of goodwill as a key audit matter due to the significance of the balances to the consolidated financial statements as a whole, combined with the significant judgments made by management in assessing the recoverable amounts of CGUs comprising goodwill, which are derived from value in use calculations by using a discounted cash flow model.

At 31st December 2025, the Group has goodwill with carrying value of approximately HK\$4,844 million relating to CGUs principally engaged in the gas business in the People's Republic of China. Based on the assessment made by management of the Group, no additional impairment provision was recognised in profit or loss during the year ended 31st December 2025 and an accumulated impairment provision of HK\$487 million was recognised as at 31st December 2025. Details are disclosed in Note 21 to the consolidated financial statements.

As disclosed in Note 4 to the consolidated financial statements, during the process of impairment assessment of goodwill, the management considered the assessment of certain CGUs is highly judgemental and is dependent on key inputs and assumptions used including the discounted cash flow forecast based on budgets approved by management of Group, discount rates and growth rates. The carrying value of the goodwill in relation to the identified CGUs amounted to approximately HK\$893 million.

Our procedures in relation to impairment assessment of goodwill of the identified CGUs included:

- Understanding the Group's impairment assessment process, including the impairment model adopted, and the key inputs and assumptions used;
- Evaluating the appropriateness of impairment model applied by the management;
- Evaluating the historical accuracy of cash flow forecasts prepared by management by comparing the actual results to the historical cash flow forecast;
- Evaluating the discount rates applied in the forecast by comparing them to economic data relevant to the risk specific to the CGUs; and
- Assessing the reasonableness of the inputs and assumptions made in the budgets and growth rates.



## **Other Information**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

## **Responsibilities of Directors and Those Charged with Governance 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 HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

From the matters communicated with those charged with governance, 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 LEUNG, Chui Shan (practising certificate number: P05731).

### **Deloitte Touche Tohmatsu**

Certified Public Accountants

Hong Kong

18th March 2026



# Consolidated Income Statement

For the year ended 31st December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	7 & 8	20,912,010	21,314,027
Total operating expenses	9	(19,527,159)	(19,419,838)
		1,384,851	1,894,189
Other income	10	144,279	220,764
Other gains, net	11	390,039	179,587
Share of results of associates	22	606,982	353,642
Share of results of joint ventures	23	293,776	285,569
Finance costs	12	(648,436)	(728,603)
Profit before taxation	13	2,171,491	2,205,148
Taxation	15	(419,112)	(408,654)
Profit for the year		1,752,379	1,796,494
Profit for the year attributable to:			
Shareholders of the Company		1,585,355	1,606,116
Non-controlling interests		167,024	190,378
		1,752,379	1,796,494
		HK cents	HK cents
Earnings per share	17		
– Basic		44.5	47.1
– Diluted		42.2	42.7



# Consolidated Statement of Comprehensive Income

For the year ended 31st December 2025

	2025 HK\$'000	2024 HK\$'000
Profit for the year	1,752,379	1,796,494
Other comprehensive income (expense) for the year		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Exchange differences on translation from functional currency to presentation currency	867,995	(833,378)
Fair value change on investments in equity instruments at fair value through other comprehensive income	(28,612)	(35,792)
Income tax relating to items that will not be reclassified to profit or loss	7,153	8,927
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedge:		
Net fair value change on derivative instruments designated as cash flow hedge recorded in hedge reserve	(26,566)	42,241
Reclassification of fair value change on derivative instruments designated as cash flow hedge to profit or loss	67,409	(42,306)
	887,379	(860,308)
Total comprehensive income for the year	2,639,758	936,186
Total comprehensive income for the year attributable to:		
Shareholders of the Company	2,426,520	793,491
Non-controlling interests	213,238	142,695
Total comprehensive income for the year	2,639,758	936,186



# Consolidated Statement of Financial Position

At 31st December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	18	29,377,576	28,435,338
Right-of-use assets	19	897,748	868,439
Intangible assets	20	353,725	355,416
Goodwill	21	4,843,763	4,629,309
Interests in associates	22	6,420,499	4,562,111
Interests in joint ventures	23	4,213,638	3,866,526
Equity instruments at fair value through other comprehensive income	24	1,303,970	1,274,026
Other financial assets	29	89,352	115,918
Restricted deposits	28	63,474	5,321
		<b>47,563,745</b>	<b>44,112,404</b>
<b>Current assets</b>			
Inventories	25	616,246	576,155
Loans to associates	22	28,988	37,654
Loans to joint ventures	23	14,294	24,596
Trade and other receivables, deposits and prepayments	26	4,343,522	4,410,069
Amounts due from non-controlling shareholders	27	141,575	135,390
Time deposits over three months	28	37,639	25,223
Bank balances and cash	28	2,460,896	2,699,885
		<b>7,643,160</b>	<b>7,908,972</b>
<b>Assets classified as held for sale</b>	41	-	1,021,371
		<b>7,643,160</b>	<b>8,930,343</b>
<b>Current liabilities</b>			
Trade and other payables and accrued charges	30	3,809,025	4,172,797
Contract liabilities	31	3,631,305	3,473,768
Lease liabilities	32	24,986	29,681
Amounts due to non-controlling shareholders	27	44,470	39,983
Taxation payable		1,218,811	1,225,582
Borrowings – amounts due within one year	33	4,382,717	3,695,547
Loan from ultimate holding company	34	17,528	15,113
Loans from associates	34	-	5,462
Loans from joint ventures	34	862	3,517
Loans from non-controlling shareholders	34	15,373	-
Convertible bonds	36	2,033,077	1,866,938
		<b>15,178,154</b>	<b>14,528,388</b>
<b>Net current liabilities</b>		<b>(7,534,994)</b>	<b>(5,598,045)</b>
<b>Total assets less current liabilities</b>		<b>40,028,751</b>	<b>38,514,359</b>





	NOTES	2025 HK\$'000	2024 HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities	32	108,755	111,143
Borrowings – amounts due after one year	33	10,744,870	11,731,460
Deferred taxation	35	1,015,240	899,044
Loans from non-controlling shareholders	34	–	14,692
		<b>11,868,865</b>	<b>12,756,339</b>
<b>Net assets</b>			
		<b>28,159,886</b>	<b>25,758,020</b>
<b>Capital and reserves</b>			
Share capital	37	367,169	348,065
Reserves	38	25,354,819	23,099,673
<b>Equity attributable to shareholders of the Company</b>		<b>25,721,988</b>	<b>23,447,738</b>
<b>Non-controlling interests</b>		<b>2,437,898</b>	<b>2,310,282</b>
<b>Total equity</b>		<b>28,159,886</b>	<b>25,758,020</b>

The consolidated financial statements on pages 92 to 200 were approved and authorised for issue by the Board of Directors ("the Board") on 18th March 2026 and are signed on its behalf by:

**Lee Ka-kit**  
DIRECTOR

**Brian David Li Man-bun**  
DIRECTOR



# Consolidated Statement of Changes in Equity

For the year ended 31st December 2025



	Attributable to shareholders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Hedge reserve HK\$'000	General reserves HK\$'000 (Note 38)	Investment revaluation reserve HK\$'000	Share-based payment reserve HK\$'000	Shares held for share award scheme HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st January 2025	348,065	5,884,913	(593,101)	(92,517)	789,277	804,320	9,379	(108)	16,297,510	23,447,738	2,310,282	25,758,020
Exchange differences on translation from functional currency to presentation currency	-	-	821,781	-	-	-	-	-	-	821,781	46,214	867,995
Fair value change on investments in equity instruments of fair value through other comprehensive income	-	-	-	-	-	(28,612)	-	-	-	(28,612)	-	(28,612)
Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	7,153	-	-	-	7,153	-	7,153
Net fair value change on derivative instruments designated as cash flow hedge recorded in hedge reserve	-	-	-	(26,566)	-	-	-	-	-	(26,566)	-	(26,566)
Reclassification of fair value change on derivative instruments designated as cash flow hedge to profit or loss	-	-	-	67,409	-	-	-	-	-	67,409	-	67,409
Profit for the year	-	-	-	-	-	-	-	-	1,585,355	1,585,355	167,024	1,752,379
Total comprehensive income (expense) for the year	-	-	821,781	40,843	-	(21,459)	-	-	1,585,355	2,426,520	213,238	2,639,758
Issue of shares upon scrip dividend scheme (Note 37)	18,105	623,416	-	-	-	-	-	-	-	641,521	-	641,521
Share options exercised (Note 37)	999	41,736	-	-	-	-	(8,776)	-	-	33,959	-	33,959
Share options lapsed	-	-	-	-	-	-	(603)	-	603	-	-	-
Recognition of share-based payment upon grant of share options	-	-	-	-	-	-	6,492	-	-	6,492	-	6,492
Purchase of shares under share award scheme	-	-	-	-	-	-	-	(40,206)	-	(40,206)	-	(40,206)
Recognition of share-based payments upon grant of shares under share award scheme	-	-	-	-	-	-	-	40,207	1,205	41,412	-	41,412
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	49,753	49,753
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(50,562)	(50,562)
Transfer	-	-	-	-	148,276	-	-	-	(148,276)	-	-	-
Release of exchange reserve upon deemed disposal/disposal of subsidiaries	-	-	46,434	-	-	-	-	-	(46,434)	-	-	-
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	28,954	28,954
Dividends declared to shareholders of the Company (Note 16)	-	(835,448)	-	-	-	-	-	-	-	(835,448)	-	(835,448)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(113,767)	(113,767)
	19,104	(170,296)	46,434	-	148,276	-	(2,887)	1	(192,902)	(152,270)	(85,622)	(237,892)
At 31st December 2025	367,169	5,714,617	275,114	(51,674)	937,553	782,861	6,492	(107)	17,669,963	25,721,988	2,437,898	28,159,886



Attributable to shareholders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Hedge reserve HK\$'000	General reserves HK\$'000 (Note 38)	Investment revaluation reserve HK\$'000	Share-based payment reserve HK\$'000	Shares held for share award scheme HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st January 2024	335,450	6,068,407	174,722	(92,452)	570,460	831,185	10,247	(108)	14,949,301	22,847,212	2,383,278	25,230,490
Exchange differences on translation from functional currency to presentation currency	-	-	(785,695)	-	-	-	-	-	-	(785,695)	(47,688)	(833,378)
Fair value change on investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(35,792)	-	-	-	(35,792)	-	(35,792)
Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	8,927	-	-	-	8,927	-	8,927
Net fair value change on derivative instruments designated as cash flow hedge recorded in hedge reserve	-	-	-	42,241	-	-	-	-	-	42,241	-	42,241
Reclassification of fair value change on derivative instruments designated as cash flow hedge to profit or loss	-	-	-	(42,306)	-	-	-	-	-	(42,306)	-	(42,306)
Profit for the year	-	-	-	-	-	-	-	-	1,606,116	1,606,116	193,378	1,796,494
Total comprehensive (expense) income for the year	-	-	(785,695)	(65)	-	(26,665)	-	-	1,606,116	793,491	142,695	936,186
Issue of shares upon scrip dividend scheme (Note 37)	12,515	353,223	-	-	-	-	-	-	-	365,838	-	365,838
Share options lapsed	-	-	-	-	-	-	(868)	-	868	-	-	-
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	(22,086)	(22,086)	(21,256)	(43,342)
Transfer	-	-	-	-	216,816	-	-	-	(216,816)	-	-	-
Deemed disposal/disposal of subsidiaries (Note 40)	-	-	-	-	2,001	-	-	-	(2,001)	-	(40,076)	(40,076)
Release of exchange reserve upon deemed disposal/disposal of subsidiaries	-	-	17,872	-	-	-	-	-	(17,872)	-	-	-
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	24,900	24,900
Dividends declared to shareholders of the Company (Note 16)	-	(536,717)	-	-	-	-	-	-	-	(536,717)	-	(536,717)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(179,259)	(179,259)
	12,515	(183,494)	17,872	-	218,817	-	(868)	-	(257,907)	(192,965)	(215,691)	(408,656)
At 31st December 2024	348,065	5,884,913	(593,101)	(92,517)	789,277	804,320	9,379	(108)	16,297,510	23,447,738	2,310,282	25,758,020

# Consolidated Statement of Cash Flows

For the year ended 31st December 2025



	2025 HK\$'000	2024 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	2,171,491	2,205,148
Adjustments for:		
Share of results of associates	(606,982)	(353,642)
Share of results of joint ventures	(293,776)	(285,569)
Impairment provision of goodwill	-	30,815
Impairment provision of property, plant and equipment	-	116,075
Impairment loss of trade receivables, net of reversal	25,927	33,221
Depreciation of property, plant and equipment	1,246,469	1,165,899
Depreciation of right-of-use assets	57,995	54,705
Amortisation of intangible assets	17,691	17,706
Loss on disposal of property, plant and equipment	7,953	8,032
Loss on disposal of right-of-use assets	-	195
Gain on deemed disposal/disposal of subsidiaries	(233,205)	(195,627)
Gain on deemed partial disposal of associates	(51,228)	(24,059)
Gain from restructuring of extended business	(101,687)	(33,582)
Interest expenses	641,901	720,378
Interest income	(26,763)	(66,969)
Change in fair value of embedded derivative component of convertible bonds	(12,154)	(75,558)
Dividend income from equity instruments at fair value through other comprehensive income	(40,507)	(36,959)
Exchange loss (gain), net	282	(5,878)
Share-based payment expenses	47,904	-
Operating cash flows before changes in working capital	2,851,311	3,274,331
Increase in inventories	(13,057)	(6,968)
Increase in trade receivables	(183,529)	(707,233)
Increase in other receivables, deposits and prepayments	(215,825)	(515,510)
Decrease in amounts due from non-controlling shareholders	84	78,835
Increase in trade payables	126,366	512,492
Decrease in contract liabilities	(3,279)	(40,665)
Increase in other payables and accrued charges	268,359	902,731
Increase (decrease) in amounts due to non-controlling shareholders	2,567	(31,617)
Cash generated from operations	2,832,997	3,466,396
Interest paid	(583,351)	(658,354)
Taxation paid	(453,422)	(455,333)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>1,796,224</b>	<b>2,352,709</b>



	NOTES	2025 HK\$'000	2024 HK\$'000
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(2,348,671)	(3,826,241)
Payments for right-of-use assets		(22,494)	(15,491)
Proceeds from disposal of property, plant and equipment		1,676	75,675
Proceeds from disposal of right-of-use assets		-	1,999
Acquisition of assets through acquisition of subsidiaries (net of cash and cash equivalents acquired)	44	-	(57,668)
Acquisition of a subsidiary (net of cash and cash equivalents acquired)	40	(41,747)	-
Payments for acquisition of subsidiaries in prior year		-	(101,669)
Deemed disposal/disposal of subsidiaries (net of cash and cash equivalents disposed)	40	996,997	659,497
Consideration received for disposal of subsidiaries in prior year		410,373	-
Acquisition of associates		-	(11,344)
Acquisition of joint ventures	44	-	(8,659)
Capital contribution to associates		(51,000)	(56,093)
Disposal of an associate		-	5,093
Repayment of loans to associates		38,389	52,566
Advances to associates		(131,987)	(291,442)
Capital contribution to joint ventures		(9,742)	(30,078)
Repayment of loans to joint ventures		25,076	185,387
Advances to joint ventures		(95,149)	(124,597)
Acquisition of equity instruments at fair value through other comprehensive income		(280)	(7)
Withdrawal of restricted deposits		-	101,868
Placement of restricted deposits		(56,424)	-
Increase in time deposits over three months		(10,960)	(4,452)
Interest received		26,763	66,969
Dividends received from associates		352,872	326,342
Dividends received from joint ventures		219,836	248,347
Dividend income from equity instruments at fair value through other comprehensive income		40,507	36,959
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(655,965)</b>	<b>(2,767,039)</b>

**Consolidated Statement of Cash Flows**

For the year ended 31st December 2025

	2025 HK\$'000	2024 HK\$'000
<b>FINANCING ACTIVITIES</b>		
Purchase of shares held for share award scheme	(40,206)	–
Proceeds from exercise of share options	33,959	–
Acquisition of additional interests in subsidiaries	(50,562)	(43,342)
Capital contribution from non-controlling shareholders of subsidiaries	28,954	24,900
Dividends paid to shareholders of the Company	(193,927)	(170,879)
Dividends paid to non-controlling shareholders of subsidiaries	(113,767)	(179,259)
Loan from ultimate holding company	17,079	65,878
Repayment of loan from ultimate holding company	(15,408)	(78,545)
Advances from associates	–	5,432
Repayment of loans from associates	(5,569)	–
Advances from joint ventures	840	3,275
Repayment of loans from joint ventures	(3,586)	(26,801)
New bank and other loans raised	9,822,462	8,665,448
Repayments of bank and other loans	(10,928,556)	(8,995,734)
Repayment of lease liabilities	(46,711)	(133,213)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,494,998)</b>	<b>(862,840)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(354,739)</b>	<b>(1,277,170)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>2,699,885</b>	<b>4,083,884</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>115,750</b>	<b>(106,829)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>2,460,896</b>	<b>2,699,885</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	2,460,896	2,699,885



# Notes to the Consolidated Financial Statements

For the year ended 31st December 2025

## 1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands on 16th November 2000 under the Companies Law (Revised) Chapter 22 of the Cayman Islands as an exempted company with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the opinion of the directors of the Company ("Directors"), the Group's parent holding company and the ultimate controlling shareholder is The Hong Kong and China Gas Company Limited ("HKCG"), a limited company incorporated in Hong Kong with its shares listed on the Stock Exchange. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information of the Annual Report.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$" or "HKD"). The reason for selecting HKD as its presentation currency is because the Company is a public company incorporated in the Cayman Islands with its shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the sales of piped gas, renewable energy and other types of energy, construction of gas pipelines, the sales of gas appliances and related products, and other value-added services in the People's Republic of China (the "PRC").

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

### Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1st January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1st January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1st January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the Directors anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

#### *HKFRS 18 “Presentation and Disclosure in Financial Statements”*

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (“MPMs”) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some paragraphs in HKAS 1 have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (the title of which will be changed to “Basis of Preparation of Financial Statements” upon effective of HKFRS 18) and HKFRS 7 “Financial Instruments: Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1st January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and position of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated income statement. Additional disclosures required for the Group’s MPMs will be disclosed in a separate note to the consolidated financial statements. The Group currently presents interest paid in operating activities, which will be classified in the financing activities on adoption of the new standard, in the consolidated statement of cash flows. The Group is in the process of assessing the MPMs to be disclosed and other items included in other income and other gains, net which should be classified in the operating activities.

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

#### 3.1 Basis of preparation of consolidated financial statements

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

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets by approximately HK\$7,535 million as at 31st December 2025. The Group's current liabilities as at 31st December 2025 included borrowings of approximately HK\$4,383 million that are repayable within one year from the end of the reporting period.

As at 31st December 2025, the unissued portion of the Group's Medium Term Note Programme ("MTN Programme") amounted to approximately HK\$12,896 million and unutilised facilities from banks and its parent company HKCG amounted to approximately HK\$11,891 million ("Facilities"). When considering the Group's ability to continue as a going concern, the Directors considered that the Group's borrowings of approximately HK\$4,383 million that are repayable within one year from the end of the reporting period will be rolled over or refinanced as the Group has a good relationship with the banks and has good credibility.

Taking into account of the internally generated funds, the available amount of funds to be raised from the MTN Programme and those available Facilities, the Directors are confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

#### 3.2 Material accounting policy information

##### *Basis of consolidation*

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

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

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

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

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

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Basis of consolidation (Continued)*

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

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

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

##### *Changes in the Group's interests in existing subsidiaries*

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

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

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

##### *Business combinations or asset acquisition*

###### *Optional concentration test*

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Business combinations or asset acquisition (Continued)*

###### *Asset acquisitions*

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

###### *Business combinations*

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or HK(IFRIC) - Int 21 "Levies", in which the Group applies HKAS 37 or HK(IFRIC) - Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard; and

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Business combinations or asset acquisition (Continued)*

##### *Business combinations (Continued)*

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 "Leases") as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

##### *Goodwill*

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

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

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired.

For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated and then to the other assets on a pro rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

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

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

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Investments in associates and joint ventures*

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

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

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. If the Group has lost significant influence/joint control over the associates/joint ventures after the disposal takes place, the Group accounts for any retained interest in the associates/joint ventures in accordance with HKFRS 9. If the Group has retained significant influence/joint control over the associates/joint ventures after the disposal takes place, the Group continues to account for the remaining interest using equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Investments in associates and joint ventures (Continued)*

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

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

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

##### *Changes in the Group's interests in associates and joint ventures*

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Assets classified as held for sale*

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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

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

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

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

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

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

A receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

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

#### 3.2 Material accounting policy information *(Continued)*

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

##### *Contracts with multiple performance obligations (including allocation of transaction price)*

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

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

The progress towards complete satisfaction of a performance obligation is measured based on output method, which recognises revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date (for example, contracts in which the Group bills the construction work performed for gas connection facilities), the Group recognises revenue in the amount to which the Group has the right to invoice.

##### *Performance obligations for contracts with customers*

##### *Sales of piped gas and energy and gas-related products*

Revenue from sales of piped gas and energy is recognised when control of the piped gas and energy has transferred to the customers, being at the point the gas and energy is delivered to the customers.

Revenue from sales of other goods is recognised when control of the goods has transferred to the customers, being at the point the goods are delivered to the customers.

##### *Gas connection*

Revenue from gas connection, which relates to contracts for construction of gas connection facilities, is recognised when control of the services underlying the performance obligations in the contracts are transferred to the customers, which is recognised over time or at a point in time depending on the terms of the contracts and actual work performed.

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Property, plant and equipment*

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

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method, as follows:

Buildings	15 – 30 years
Gas and other pipelines	25 – 40 years
Plant and equipment and others	5 – 30 years

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

##### *Ownership interest in leasehold land and building*

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

##### *Construction in progress*

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

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Leases*

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

##### *The Group as a lessee*

###### Allocation of consideration to components of a contract

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

###### Right-of-use assets

The cost of right-of-use assets includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

###### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs.

The lease payments represent fixed payments (including in-substance fixed payment) less any lease incentives receivable.

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

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

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

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Intangible assets*

##### *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

##### *Exclusive operating rights for city pipeline network*

Exclusive operating rights for city pipeline network are stated at cost less accumulated amortisation and any identified impairment loss. The cost incurred for the acquisition of exclusive operating rights is capitalised and amortised on a straight-line basis over the estimated useful life.

##### *Distribution network*

Distribution network is stated at cost less accumulated amortisation and any identified impairment loss.

The estimated useful life and amortisation method of intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

##### *Cash and cash equivalents*

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

##### *Impairment on property, plant and equipment, right-of-use assets and intangible assets (other than goodwill)*

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

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

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Impairment on property, plant and equipment, right-of-use assets and intangible assets (other than goodwill) (Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit or a group of cash-generating units in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

##### *Financial instruments*

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

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

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

##### *Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

Classification and subsequent measurement of financial assets

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI");

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

All other financial assets are subsequently measured at FVTPL, except derivatives designated in cash flow hedging relationships and except that at the initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

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

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

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

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

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

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

##### Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including loans to associates and joint ventures, trade and other receivables, deposits, amounts due from non-controlling shareholders, restricted deposits, time deposits over three months and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

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

The Group always recognise lifetime ECL for trade receivables.

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

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

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

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

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

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

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

##### *(ii) Definition of default*

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

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

##### *(iii) Credit-impaired financial assets*

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

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

##### *(iv) Write-off policy*

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

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

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

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

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

The Group uses a practical expedient in estimating ECL on not credit-impaired trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward-looking information that is available without undue cost or effort.

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

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

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

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

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset (which is the gross carrying amount less any impairment allowance).

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

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

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

##### *Financial liabilities and equity*

##### *Classification as debt or equity*

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

##### *Equity instruments*

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

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Financial liabilities and equity (Continued)*

##### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

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

#### 3.2 Material accounting policy information (*Continued*)

##### *Financial instruments (Continued)*

##### *Financial liabilities and equity (Continued)*

##### Other financial liabilities

Other financial liabilities including trade and other payables, borrowings, debt component of convertible bonds, amounts due to non-controlling shareholders, loans from ultimate holding company, non-controlling shareholders, associates and joint ventures are subsequently measured at amortised cost, using the effective interest method.

##### Convertible bonds

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative component are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.

##### Derecognition of financial liabilities

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

##### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

##### Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Hedge accounting*

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

##### Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a cross currency swap contract as the hedging instrument for all of its hedging relationships involving cross currency swap contracts.

##### Cash flow hedges

The effective portion of changes in the fair value of derivatives that is designated and qualifies as cash flow hedges is recognised in other comprehensive income and accumulated in the hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains, net" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedge reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Hedge accounting (Continued)*

##### Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss or the hedged item otherwise affects profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

##### *Taxation*

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Taxation (Continued)*

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

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

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

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

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

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

##### *Foreign currencies*

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. HKD) at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the exchange reserve (attributed to non-controlling interests as appropriate).

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

#### 3.2 Material accounting policy information (*Continued*)

##### *Foreign currencies (Continued)*

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HKD) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

##### *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

##### *Government grants*

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other grants are presented under "other income".

##### *Retirement benefits costs*

Payments to defined contribution retirement benefit schemes including state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as expenses when employees have rendered service entitling them to the contributions.

##### *Short-term employee benefits*

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

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

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

#### 3.2 Material accounting policy information *(Continued)*

##### *Share award scheme*

The consideration paid by the trustee for purchasing the Company's shares from the market is presented as "shares held for share award scheme" and the amount is deducted from total equity.

##### *Share-based payments*

##### *Share awards and share options granted to employees and connected persons*

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

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

When share awards granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share capital and share premium. When shares held for share award scheme are vested, the difference on the amounts previously recognised in shares held for share award scheme and the amount recognised in profit or loss as share-based payments is transferred to retained profits.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained earnings.

#### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management has made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances such as climate change. Actual results may differ from these estimates.

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

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

##### **Impairment assessment of goodwill**

The assessment for each of the city-gas projects is based on value in use approach using the discounted cash flow method. The estimated cash flows used in the assessment are derived based on the most recent financial budget for the next five years approved by management. Cash flows beyond 5-year period until the end of the relevant concession periods have been extrapolated using growth rates from 3% to 6% (2024: 3% to 6%) per annum, which is based on internal and external factors relating to the CGUs. Discount rates ranging between 9.0% to 15.0% (2024: 9.0% to 15.5%) were used to reflect the current market assessments of the time value of money and the risks specific to the CGUs. In relation to the city-gas business in the PRC operated by the Group's subsidiaries, the carrying value of goodwill related to these individual city-gas projects as at 31st December 2025 amounted to HK\$4,843,763,000 (2024: HK\$4,629,309,000), net of an impairment provision of HK\$486,608,000 (2024: HK\$465,061,000). During the year ended 31st December 2025, the management of the Group considered that no additional impairment provision was necessary (2024: an impairment provision of HK\$30,815,000 was made).

The key inputs and assumptions used in the assessment of certain CGUs are highly judgemental and are heavily dependent on the discounted cash flow forecast based on budgets approved by management of Group, the discount rates and growth rates. The adoption of key assumptions and input data may be subject to changes in facts and circumstances and may result in significant financial impact. The carrying value of the goodwill in relation to the identified CGUs amounted to HK\$893,130,000 (2024: HK\$853,588,000). The assessment is sensitive to changes in estimates. Details are disclosed in Note 21.

##### **ECL assessment of trade receivables**

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar common risk characteristics. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information including but not limited to the expected economic conditions in the PRC (i.e. the corporate default rate forecasts for utilities, renewable energy and construction sectors affecting the ability of the customers to settle the debtors), that is reasonable, supportable and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

These assessments and measurements are sensitive to changes in estimates. Details are disclosed in Note 6.

## 5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts, which includes convertible bonds, borrowings, loans from ultimate holding company, non-controlling shareholders, associates and joint ventures disclosed in Notes 36, 33 and 34, respectively, equity attributable to shareholders of the Company, comprising issued share capital and reserves, and non-controlling interests.

The Group's management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 40% determined as the proportion of net debt to total equity plus net debt (the "Gearing Ratio").

The Gearing Ratio at the reporting date was as follows:

	2025 HK\$'000	2024 HK\$'000
Debt <sup>(i)</sup>	15,161,350	15,465,791
Convertible bonds	2,033,077	1,866,938
Restricted deposits	(63,474)	(5,321)
Time deposits over three months	(37,639)	(25,223)
Bank balances and cash	(2,460,896)	(2,699,885)
Net debt	14,632,418	14,602,300
Total equity <sup>(ii)</sup>	28,159,886	25,758,020
Gearing Ratio <sup>(iii)</sup>	34%	36%

- (i) Debt is defined as long-term and short-term borrowings and loans from ultimate holding company, non-controlling shareholders, associates and joint ventures, as detailed in Notes 33 and 34, respectively.
- (ii) Total equity includes all capital and reserves of the Group and non-controlling interests.
- (iii) Being the proportion of net debt of HK\$14,632,418,000 (2024: HK\$14,602,300,000) to total equity plus net debt of HK\$42,792,304,000 (2024: HK\$40,360,320,000).

## 6. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>		
Amortised cost	6,469,144	6,676,588
Derivative financial instruments	89,352	115,918
Equity instruments at FVTOCI	1,303,970	1,274,026
<b>Financial liabilities</b>		
Amortised cost	20,378,999	20,881,938
Embedded derivative component of convertible bonds	5,676	17,346

### Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, loans to associates, loans to joint ventures, other financial assets, trade and other receivables, deposits, amounts due from non-controlling shareholders, restricted deposits, time deposits over three months, bank balances and cash, trade and other payables, lease liabilities, amounts due to non-controlling shareholders, loans from ultimate holding company, non-controlling shareholders, associates and joint ventures, convertible bonds and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Currency risk*

Certain bank balances and cash and bank and other borrowings are denominated in foreign currencies which expose the Group to foreign currency risk.

Details of the Group's bank balances and cash, time deposits over three months and bank and other borrowings, denominated in United States dollars ("US\$" or "USD") and HKD at the end of the reporting period are set out in Notes 28 and 33 respectively. In addition, the Group has intra-group balances denominated in currency other than the functional currency of the respective group entities.

The Group entered into cross currency swap contracts with certain financial institutions to reduce or hedge its exposure to currency fluctuation risk. Those cross currency swap contracts are designated as effective hedging instrument for certain borrowings denominated in USD with hedge accounting used (see Note 29 for details). The Group reviewed the continuing effectiveness of the designated hedging instruments at least at the end of each reporting period. The Group mainly uses regression analysis and comparison of change in fair value of the hedging instrument and the hedged item for assessing the hedge effectiveness. The Directors considered the Group's net exposure to foreign currency risk to the extent that it is under an effective hedging relationship as insignificant.

The management continues to monitor foreign exchange exposure and will consider hedging other significant foreign currency exposure should the need arise.

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### Financial risk management objectives and policies *(Continued)*

#### Currency risk *(Continued)*

##### Sensitivity analysis

The following table details the Group's sensitivity to a reasonably possible change of 10% (2024: 10%) in exchange rate of USD and HKD against RMB while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items (excluding derivative financial instruments) and adjusts their translation at the end of each reporting period for a 10% (2024: 10%) change in foreign currency rates.

The sensitivity analysis includes bank balances and cash denominated in currencies other than the functional currency of the respective group entities. The sensitivity analysis excludes the effect on foreign currency denominated borrowings that are under an effective hedging relationship as the Group's net exposure to currency risk arising from the hedging relationship is insignificant. A positive number below indicates an increase in profit after taxation where RMB strengthens by 10% (2024: 10%) against USD and HKD. For a 10% (2024: 10%) weakening of RMB against USD and HKD, there would be an equal but opposite impact on the profit after taxation, and the balances below would be negative.

	2025 HK\$'000	2024 HK\$'000
Profit after taxation	1,961	1,567

No sensitivity analysis has been presented for derivatives that are designated as hedging instruments because the Group's net exposure to currency risk arising from the hedging relationship is insignificant.

##### Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings, short-term bank deposits, loans to joint ventures and associates, loans from ultimate holding company, non-controlling shareholders, associates and joint ventures, debt component of convertible bonds and lease liabilities. The management monitors interest rate exposure and will consider hedging significant interest rate exposure in accordance with the hedging policy of the Group. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of RMB Prime Rate arising from the Group's RMB bank loans, the fluctuation of basic borrowing rate announced by the People's Bank of China arising from the Group's RMB bank loans.

The management continues to monitor interest rate exposure and will consider hedging other significant interest rate exposure should the need arise.

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### Financial risk management objectives and policies *(Continued)*

#### *Interest rate risk (Continued)*

##### *Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments (excluding derivative financial instruments) at the end of the reporting period. For variable-rate bank loans, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis points (2024: 100 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2024: 100 basis points) higher/lower and all other variables were held constant, the Group's profit after taxation for the year ended 31st December 2025 would decrease/increase by HK\$29,910,000 (2024: HK\$25,376,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings to which hedge accounting is not applied.

No sensitivity analysis has been presented for derivatives that are designated as hedging instruments because the Group's net exposure to interest rate risk arising from the hedging relationship is insignificant.

##### *Other price risk*

The Group is exposed to equity price risk through its investments in listed equity securities measured at FVTOCI. In addition, the Group also invested in certain unquoted equity securities for long-term strategic purposes which had been designated as FVTOCI. The Group currently does not have a hedging policy in relation to the price risk. However, the management will consider hedging the risk exposure should the need arise.

##### *Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date. Sensitivity analysis for the unquoted equity securities with fair value measurement categorised within Level 3 is disclosed in the fair value measurement section of this note.

If the prices of the respective listed equity securities with fair value measurement categorised within Level 1 had been 10% (2024: 10%) higher/lower, the Group's investment revaluation reserve would increase/decrease by HK\$88,345,000 (2024: HK\$87,708,000) as a result of the changes in fair value of the investments, net of tax.

6. FINANCIAL INSTRUMENTS *(Continued)*Financial risk management objectives and policies *(Continued)**Credit risk and impairment assessment*

The Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, is arising from the carrying amounts of the Group's financial assets (excluding equity instruments at FVTOCI) as stated in the consolidated statement of financial position.

The Group's internal credit risk grading assessment comprises the following categories:

Category	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due date but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired

## 6. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

Financial assets at amortised cost	Notes	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount as at 31st December	
				2025 HK\$'000	2024 HK\$'000
Loans to associates	22	Low risk	12m ECL	28,988	37,654
Loans to joint ventures	23	Low risk	12m ECL	14,294	24,596
Trade receivables	26	(note)	Lifetime ECL – not credit-impaired	2,240,843	2,057,348
		Loss	Lifetime ECL – credit-impaired	212,694	185,411
				2,453,537	2,242,759
Other receivables and deposits	26	Low risk	12m ECL	546,563	689,184
Consideration receivable for disposal of subsidiaries	26	Low risk	12m ECL	386,416	616,664
Amounts due from associates	26	Low risk	12m ECL	404,739	285,066
Amounts due from joint ventures	26	Low risk	12m ECL	200,332	111,797
Amounts due from related companies	26	Low risk	12m ECL	–	40,214
Amounts due from non-controlling shareholders	27	Low risk	12m ECL	141,575	135,390
Restricted deposits	28	N/A	12m ECL	63,474	5,321
Time deposits over three months	28	N/A	12m ECL	37,639	25,223
Bank balances and cash	28	N/A	12m ECL	2,460,896	2,699,885

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### Financial risk management objectives and policies *(Continued)*

#### *Credit risk and impairment assessment (Continued)*

Note: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items grouped by past due status. When there are indicators that the relevant trade receivables maybe credit impaired, the relevant amount will be assessed for ECL individually.

The Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The Group used estimated loss rates based on aging for classes with different credit risk characteristics and exposures, and the estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

#### *Trade receivables*

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Group's credit risk is effectively managed. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances based on provision matrix.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### *Provision matrix – debtors' aging*

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Based on the Group's assessment of historical credit loss experience of the existing debtors, including the business relationships with the debtors and historical subsequent settlements, the Group does not consider that default occurs for those contractual payments that are more than 90 days past due for certain debtors. The Group used estimated loss rates ranging from less than 1.1% to 43.0% (2024: 1.1% to 49.2%) for trade receivables not credit-impaired based on aging for classes with different credit risk characteristics and exposures, and the estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information, including but not limited to the expected economic conditions in the PRC, i.e. the corporate default rate forecasts for utilities, renewable energy and construction sectors affecting the ability of the customers to settle the debtors, that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

## 6. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired)* HK\$'000	Total HK\$'000
At 1st January 2024	35,452	178,462	213,914
Exchange realignment	(2,242)	(7,728)	(9,970)
Impairment losses recognised, net	21,744	11,477	33,221
Transfer to credit-impaired	(3,200)	3,200	-
At 31st December 2024	51,754	185,411	237,165
Exchange realignment	2,461	9,068	11,529
Impairment written-off	-	(5,312)	(5,312)
Impairment losses recognised, net	9,304	16,623	25,927
Transfer to credit-impaired	(6,904)	6,904	-
At 31st December 2025	56,615	212,694	269,309

\* Full provision was made for respective credit-impaired trade receivables.

During the year ended 31st December 2025, the Group provided HK\$25,927,000 (2024: HK\$33,221,000) impairment allowance, net of reversals, for trade receivables based on the provision matrix and individual assessment.

#### Restricted deposits, time deposits over three months and bank balances

The management considered the credit risks on restricted deposits, time deposits over three months and bank balances are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies, and the loss allowance is immaterial.

#### Loans to associates and joint ventures and amounts due from associates, joint ventures, non-controlling shareholders and related companies

The management, having considered the financial background and good creditability of the associates, joint ventures, non-controlling shareholders and related companies, believes the credit risk is minimal and the loss allowance is immaterial. Management will closely monitor the financial position of each counterparty to ensure overdue debts are recovered in a timely manner.

#### Other receivables and deposits and consideration receivable for disposal of subsidiaries

Based on the ECL assessment, the credit exposures for other receivables and deposits and consideration receivable for disposal of subsidiaries are considered as low risk and the loss allowance is immaterial because the counterparties consistently have low historical default rate in connection with payments and management makes periodic assessment on their recoverability.

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### Financial risk management objectives and policies *(Continued)*

#### *Liquidity risk*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings as a significant source of liquidity. As stated in Note 3, the Directors have considered the Group's liquidity and going concern in light of the fact that the Group's current liabilities exceed its current assets by approximately HK\$7,535 million as at 31st December 2025 (2024: HK\$5,598 million).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

## 6. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

	Weighted average effective interest rate	Repayable on demand or less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31st December 2025 HK\$'000
<b>2025</b>								
Trade payables	-	346,849	506,378	585,435	539,528	17,614	1,995,804	1,995,804
Other payables	-	1,149,974	-	-	-	-	1,149,974	1,149,974
Lease liabilities	5.00%	2,128	4,282	19,707	59,333	84,150	169,600	133,741
Amounts due to non-controlling shareholders	-	44,470	-	-	-	-	44,470	44,470
Loan from ultimate holding company	2.80%	17,569	-	-	-	-	17,569	17,528
Loans from non-controlling shareholders	4.99%	15,437	-	-	-	-	15,437	15,373
Loans from joint ventures	1.50%	863	-	-	-	-	863	862
Bank loans	3.09%	752,452	460,770	2,854,311	8,495,068	193,519	12,756,120	11,851,719
Debt component of convertible bonds	4.00%	-	-	2,237,341	-	-	2,237,341	2,027,401
Other loans	2.49%	-	-	1,073	14,134	44,591	59,798	45,801
Medium term note ("MTN")	2.49%	-	-	28,536	1,168,012	-	1,196,548	1,113,586
Sustainability-linked bonds ("SLB")	4.04%	-	-	62,359	1,590,164	-	1,652,523	1,558,984
Panda Bonds (note)	3.85%	-	-	578,961	-	-	578,961	557,497
		2,329,742	971,430	6,367,723	11,866,239	339,874	21,875,008	20,512,740
<b>Derivatives – gross settlement</b>								
<b>Gross currency swap</b>								
- inflow		-	-	(62,264)	(1,587,732)	-	(1,649,996)	N/A
- outflow		16,787	-	49,813	1,454,645	-	1,521,245	N/A
		16,787	-	(12,451)	(133,087)	-	(128,751)	(89,352)

## 6. FINANCIAL INSTRUMENTS (Continued)

## Financial risk management objectives and policies (Continued)

## Liquidity risk (Continued)

	Weighted average effective interest rate	Repayable on					Total undiscounted cash flows	Carrying amount at 31st December 2024
		demand or less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	Over 5 years HK\$'000		
2024								
Trade payables	-	399,912	573,141	751,056	622,740	25,154	2,372,003	2,372,003
Other payables	-	1,154,569	-	-	-	-	1,154,569	1,154,569
Lease liabilities	5.00%	3,631	4,297	24,153	61,255	77,191	170,527	140,824
Amounts due to non-controlling shareholders	-	39,983	-	-	-	-	39,983	39,983
Loan from ultimate holding company	3.50%	15,157	-	-	-	-	15,157	15,113
Loans from non-controlling shareholders	4.99%	-	-	-	15,652	-	15,652	14,692
Loans from associates	1.50%	5,469	-	-	-	-	5,469	5,462
Loans from joint ventures	1.50%	3,521	-	-	-	-	3,521	3,517
Bank loans	3.83%	360,111	635,883	3,140,497	8,866,759	1,196,041	14,199,291	12,759,628
Debt component of convertible bonds	4.00%	-	-	19,536	2,235,004	-	2,254,540	1,849,592
Other loans	2.73%	-	-	22,666	14,484	16,468	53,618	46,346
MTN	2.82%	-	-	14,900	561,941	-	576,841	532,141
SLB	4.04%	-	-	62,243	1,649,443	-	1,711,686	1,556,078
Panda Bonds	3.60%	-	-	19,181	571,177	-	590,358	532,814
		1,982,353	1,213,321	4,054,232	14,598,455	1,314,854	23,163,215	21,022,762
Derivatives – gross settlement								
Cross currency swap								
- inflow		-	-	(62,152)	(1,647,028)	-	(1,709,180)	N/A
- outflow		16,044	-	47,608	1,453,893	-	1,517,545	N/A
		16,044	-	(14,544)	(193,135)	-	(191,635)	(115,918)

Note: Panda Bonds are defined as debt financing instruments programme registered in the National Association of Financial Market Institutional Investors.

## 6. FINANCIAL INSTRUMENTS (Continued)

### Fair value measurements

*Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis*

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	31st December 2025	31st December 2024			
1) Listed equity investments classified as FVTOCI	Assets - HK\$1,177,933,000	Assets - HK\$1,169,442,000	Level 1	Quoted market price	N/A
2) Cross currency swaps classified as other financial assets	Assets - HK\$89,352,000	Assets - HK\$115,918,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the reporting period).	N/A
3) Unquoted equity investments	Assets - HK\$126,037,000	Assets - HK\$104,584,000	Level 3	Market comparable approach	Market multiples ranging from 0.2 to 2.2 (2024: 0.1 to 1.7) and discount for lack of marketability ranging from 0% to 30% (2024: 0% to 30%) (note a)
4) Embedded derivative component of convertible bonds	Liabilities - HK\$5,676,000	Liabilities - HK\$17,346,000	Level 3	Binomial option pricing model	Expected volatility of 26.8% (2024: 32.6%) (note b)

#### Notes:

- (a) The higher the market multiples, the higher the fair value, and vice versa. The higher the discount, the lower the fair value, and vice versa. A reasonably possible change in the unobservable inputs used would not result in a significantly higher or lower fair value measurement.
- (b) An increase in the expected volatility used in isolation would result in an increase in the fair value of the embedded derivative component of convertible bonds and vice versa. A 5% increase/decrease in the expected volatility holding all other variables constant would increase/decrease the fair value of the embedded derivative component of convertible bonds by HK\$7,536,000 or HK\$4,138,000 (2024: HK\$13,582,000 or HK\$9,896,000), respectively.

6. FINANCIAL INSTRUMENTS *(Continued)*Fair value measurements *(Continued)*

*Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)*

*Reconciliation of Level 3 fair value measurements*

	Unquoted equity investments HK\$'000	Embedded derivative component of convertible bonds HK\$'000
Balance at 1st January 2024	115,682	(94,469)
Addition	7	–
Fair value change recognised in profit or loss	–	75,558
Fair value change recognised in other comprehensive income	(7,313)	–
Currency realignment	(3,792)	1,565
Balance at 31st December 2024	<b>104,584</b>	<b>(17,346)</b>
Addition	280	–
Fair value change recognised in profit or loss	–	12,154
Fair value change recognised in other comprehensive income	15,902	–
Currency realignment	5,271	(484)
Balance at 31st December 2025	<b>126,037</b>	<b>(5,676)</b>

The fair value gain recognised in profit or loss relating to embedded derivative component of convertible bonds of HK\$12,154,000 (2024: HK\$75,558,000) is included in "other gains, net" line item.

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### *Fair value measurements (Continued)*

*Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)*

#### *Fair value measurements and valuation processes*

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to the Directors half yearly to explain the cause of fluctuations in the fair value of the assets and liabilities.

There were no transfer between Level 1, 2 and 3 during both years.

#### *Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis*

The Directors consider that the carrying amounts of financial assets and financial liabilities (except for debt component of convertible bonds, SLB, Panda Bonds and MTN) recorded at amortised cost in the consolidated financial statements approximate their fair values. For debt component of convertible bonds, SLB, Panda Bonds and MTN, the fair values at 31st December 2025 amounted to HK\$2,026,739,000, HK\$1,545,081,000, HK\$560,969,000 and HK\$1,116,286,000 (2024: HK\$1,869,547,000, HK\$1,508,584,000, HK\$543,636,000 and HK\$530,385,000), respectively.

## 7. REVENUE

As at 31st December 2025, the amounts of transaction price allocated to the remaining performance obligations of gas connection (unsatisfied or partially unsatisfied) are expected to be recognised as revenue within one year and over one year are HK\$1,248,836,000 and HK\$580,010,000 (2024: HK\$1,253,267,000 and HK\$638,662,000), respectively, and the Group's contract liabilities of HK\$1,802,459,000 (2024: HK\$1,647,173,000) relating to sales of piped gas business, gas-related products and services and renewable energy business, in which the respective performance obligations have not been satisfied, are expected to be recognised as revenue within one year.

## 8. SEGMENT INFORMATION

### **Operating segments**

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker of the Group has been identified as the executive directors of the Company (the "Executive Directors").

The Group determines its operating segments based on the internal reports reviewed by the Executive Directors to facilitate strategic decision making.

## 8. SEGMENT INFORMATION (Continued)

### Operating segments (Continued)

In prior years, the Executive Directors assessed the Group's businesses by four operating segments, namely (a) sales of piped gas business, (b) gas connection, (c) renewable energy business and (d) extended business. During the year, as stated in note 40(i), the Group has restructured the extended business and reorganised its internal reporting structure which resulted in changes to the composition of the operating segments and reportable segments. Prior year segment disclosures have been re-presented to conform with the current year's presentation.

The Group redefined its extended business to be the interest in an associate engaged in extended business (as detailed in note 40(i)) and hence the revenue and segment results from sales of gas related household appliances and related products and other related value-added services (formerly known as extended business before restructuring) were grouped under the gas business. Meanwhile, the Executive Directors re-presented certain income or expenses from "unallocated" to "gas business" and "renewable energy business".

In addition, during the year, the Executive Directors commenced to review the segment assets of the Group by gas business, renewable energy business and extended business. Segment liabilities of the Group are not reviewed by the Executive Directors or otherwise provided to the Executive Directors, therefore, are not presented.

Currently, the Group organises the reportable and operating segments as follows

1. Gas business
  - Sales of piped gas and other gas-related energy, construction of gas pipeline networks under gas connection contracts and sales of gas-related household appliances and related products and other related value-added services
2. Renewable energy business
  - Sales of renewable energy (mainly photovoltaic power) and other related energy and services
3. Extended business
  - Interest in an associate engaged in sales of gas related household appliances and related products, and other related value-added services

The Group also provides additional information for the gas business segment in relation to the revenue and results generated by sub-divisions of "sales of piped gas", "gas connection", "gas-related products and services" and "others".

## 8. SEGMENT INFORMATION (Continued)

### Operating segments (Continued)

#### Segment revenue and results

Information regarding these segments is presented below:

	Gas business					Renewable energy business	Extended business	Consolidated
	Sales of piped gas	Gas connection	Gas-related products and services	Others	Sub-total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the year ended 31st December 2025</b>								
<b>REVENUE</b>								
Revenue recognised at a point in time	17,498,895	1,057,652	382,527	-	18,939,074	1,658,669	-	20,597,743
Revenue recognised over time	-	314,267	-	-	314,267	-	-	314,267
External	17,498,895	1,371,919	382,527	-	19,253,341	1,658,669	-	20,912,010
Results	965,310	358,438	31,290	540,887	1,895,925	411,973	36,415	2,344,313
Other income								9,112
Other gains, net								12,154
Unallocated corporate expenses								(84,654)
Finance costs								(517,115)
Profit before unallocated taxation								1,763,810
Taxation – unallocated								(11,431)
Profit for the year								1,752,379

## 8. SEGMENT INFORMATION (Continued)

## Operating segments (Continued)

## Segment revenue and results (Continued)

Information regarding these segments is presented below:

	Gas business					Renewable energy business	Consolidated
	Sales of piped gas	Gas connection	Gas-related products and services	Others	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31st December 2024 (restated)							
<b>REVENUE</b>							
Revenue recognised at a point in time	17,056,130	1,378,505	529,459	-	18,964,094	1,863,466	20,827,560
Revenue recognised over time	-	486,467	-	-	486,467	-	486,467
External	17,056,130	1,864,972	529,459	-	19,450,561	1,863,466	21,314,027
Results	1,067,027	522,618	50,764	317,858	1,958,267	439,347	2,397,614
Other income							11,973
Other gains, net							109,140
Unallocated corporate expenses							(130,299)
Finance costs							(576,531)
Profit before unallocated taxation							1,811,897
Taxation – unallocated							(15,403)
Profit for the year							1,796,494

Segment results from gas business, renewable energy business and extended business represent the profit after taxation generated by each segment, excluding certain other income, other gains, net, finance costs, unallocated corporate expenses such as central administration costs and directors' emoluments and withholding tax. These expenses and income are reported to the Executive Directors for the purposes of resource allocation and assessment of segment performance.

## 8. SEGMENT INFORMATION *(Continued)*

### Operating segments *(Continued)*

#### *Segment revenue and results (Continued)*

The following is an analysis of the Group's assets by reportable and operating segment:

	Gas business HK\$'000	Renewable energy business HK\$'000	Extended business HK\$'000	Total HK\$'000
<b>At 31st December 2025</b>				
Segment assets	44,916,484	9,859,559	261,658	55,037,701
Unallocated assets:				
Other financial assets				89,352
Bank balance and cash				79,852
<b>Total assets</b>				<b>55,206,905</b>
<b>At 31st December 2024 (restated)</b>				
Segment assets	42,822,905	9,741,961	201,213	52,766,079
Unallocated assets:				
Other financial assets				115,918
Bank balance and cash				160,750
<b>Total assets</b>				<b>53,042,747</b>

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than other financial assets and certain bank balances and cash as these assets are managed on a group basis. Segment liabilities of the Group are not reviewed by the Executive Directors or otherwise regularly provided to the Executive Directors. Therefore, segment liabilities are not presented.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

All of the Group's revenue was generated in the PRC (place of domicile of the group entities that derive revenue) and over 90% of the Group's non-current assets other than financial instruments were also located in the PRC (place of domicile of the group entities that hold such assets). No individual customer of the Group had contributed sales of over 10% of the total revenue of the Group for both years.

**9. TOTAL OPERATING EXPENSES**

	2025 HK\$'000	2024 HK\$'000
Gas fuel, stores and materials used	15,891,638	15,846,732
Staff costs	1,459,247	1,421,232
Depreciation and amortisation	1,322,155	1,238,310
Other expenses	854,119	913,564
	<b>19,527,159</b>	<b>19,419,838</b>

**10. OTHER INCOME**

	2025 HK\$'000	2024 HK\$'000
Government grants	56,170	70,523
Dividend income from equity instruments at fair value through other comprehensive income	40,507	36,959
Interest income	26,763	66,969
Others	20,839	46,313
	<b>144,279</b>	<b>220,764</b>

**11. OTHER GAINS, NET**

	2025 HK\$'000	2024 HK\$'000
Gain on deemed disposal/disposal of subsidiaries (Note 40(ii) and (iii))	233,205	195,627
Gain from restructuring of extended business (Note 40(i))	101,687	33,582
Gain on deemed partial disposal/disposal of associates	51,228	24,059
Change in fair value of embedded derivative component of convertible bonds	12,154	75,558
Exchange (loss) gain, net	(282)	5,878
Loss on disposal of property, plant and equipment	(7,953)	(8,032)
Impairment provision of property, plant and equipment	-	(116,075)
Impairment provision of goodwill	-	(30,815)
Loss on disposal of right-of-use assets	-	(195)
	<b>390,039</b>	<b>179,587</b>

## 12. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank and other borrowings	561,174	636,177
Effective interest expense on convertible bonds	83,986	81,609
Bank charges	6,535	8,225
Interest on lease liabilities	9,561	13,473
	661,256	739,484
Less: amounts capitalised	(12,820)	(10,881)
	648,436	728,603

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate 4.67% (2024: 4.65%) per annum to expenditure on qualifying assets.

## 13. PROFIT BEFORE TAXATION

	2025 HK\$'000	2024 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration (Note 14)	24,374	39,208
Other staff costs	1,269,317	1,264,593
Retirement benefit scheme contributions for other staff	133,334	117,431
Share-based payments for other staff	32,222	–
Total staff costs (note)	1,459,247	1,421,232
Cost of inventories sold (note)	17,389,698	17,225,083
Depreciation of property, plant and equipment (note)	1,246,469	1,165,899
Depreciation of right-of-use assets (note)	57,995	54,705
Amortisation of intangible assets (note)	17,691	17,706
Impairment loss of trade receivables, net of reversal	25,927	33,221
Auditor's remuneration		
– audit services	9,730	9,500
– non-audit services	1,418	2,013

Note: Cost of inventories sold include staff costs, depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets, which are also included in the respective total amounts disclosed separately above.

## 14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

## Directors' emoluments:

The emoluments paid or payable to each of the 9 (2024: 8) directors were as follows:

	Year ended 31st December 2025										
	Executive Directors				Non-Executive Directors		Independent Non-Executive Directors				Total HK\$'000
	Peter Wong	Martin Kee	John Qiu	Zhou Heng-xiang	Lee Ka-kit	Kenneth Liu Kai Lap	Moses Cheng Mo-chi	Brian David Li Man-bun	Christine Loh Kung-wai		
	Wai-ye	Wai-ngai	Jian-hang	Heng-xiang	Ka-kit	Kai Lap	Mo-chi	Man-bun	Kung-wai		
HK\$'000 (note d)	HK\$'000 (note e)	HK\$'000 (note f)	HK\$'000 (note g)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
Directors' fees (note a)	200	133	200	67	300	-	500	500	600	2,500	
Other emoluments (note b)											
Salaries and other benefits	1,480	1,832	2,847	929	-	-	-	-	-	7,088	
Retirement benefit scheme contributions	148	637	958	331	-	-	-	-	-	2,074	
Performance and discretionary bonus (note c)	7,056	1,151	3,328	1,177	-	-	-	-	-	12,712	
<b>Total emoluments</b>	<b>8,884</b>	<b>3,753</b>	<b>7,333</b>	<b>2,504</b>	<b>300</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>600</b>	<b>24,374</b>	

  

	Year ended 31st December 2024									
	Executive Directors			Non-Executive Directors		Independent Non-Executive Directors				Total HK\$'000
	Peter Wong	Martin Kee	John Qiu	Lee Ka-kit	Kenneth Liu Kai Lap	Moses Cheng Mo-chi	Brian David Li Man-bun	Christine Loh Kung-wai		
	Wai-ye	Wai-ngai	Jian-hang	Ka-kit	Kai Lap	Mo-chi	Man-bun	Kung-wai		
HK\$'000 (note d)	HK\$'000 (note e)	HK\$'000 (note f)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
Directors' fees (note a)		200	200	200	300	-	500	500	600	2,500
Other emoluments (note b)										
Salaries and other benefits		1,669	2,901	2,967	-	-	-	-	-	7,437
Retirement benefit scheme contributions		143	1,173	987	-	-	-	-	-	2,303
Performance and discretionary bonus (note c)		6,902	3,000	3,500	-	-	-	-	-	13,402
Incentive payments (note c)		6,426	1,785	5,355	-	-	-	-	-	13,566
<b>Total emoluments</b>		<b>15,240</b>	<b>9,059</b>	<b>13,009</b>	<b>300</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>600</b>	<b>39,208</b>

## Notes:

- The directors' fees of executive directors were mainly for their services as directors of the Company and its subsidiaries and the directors' fees of non-executive directors and independent non-executive directors were mainly for their services as directors of the Company.
- The other emoluments were mainly for their services in connection with the management of the affairs of the Company and the Group.
- The performance, discretionary bonus and incentive payments are determined by the Board from time to time with reference to directors' duties and responsibilities and the Group's performance and profitability. The incentive payments for the year ended 31st December 2024 were settled in the form of shares during the year ended 31st December 2025.
- Mr. Peter Wong Wai-ye is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive Officer.

## 14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

### Directors' emoluments: (Continued)

Notes: (Continued)

- (e) Mr. Martin Kee Wai-ngai was also the Chief Operating Officer – Gas Business of the Company and his emoluments disclosed above included those for services rendered by him as the Chief Operating Officer – Gas Business. Mr. Martin Kee Wai-ngai resigned as an Executive Director and Chief Operating Officer – Gas Business with effect from 1st September 2025.
- (f) Dr. John Qiu Jian-hang is also the Chief Operating Officer – Renewable Business of the Company and his emoluments disclosed above include those for services rendered by him as Chief Operating Officer – Renewable Business.
- (g) Mr. Zhou Heng-xiang was appointed as an Executive Director and Chief Operating Officer – Mainland Gas Business of the Company on 1st September 2025 and his emoluments disclosed above include those for services rendered by him as the Chief Operating Officer – Mainland Gas Business.
- (h) No other service contracts were entered into by any directors with the Company.

### Employees' emoluments:

For the year ended 31st December 2025, the 5 highest paid individuals of the Group included 3 (2024: 3) Directors, details of their emoluments are included above. The emoluments of the remaining 2 (2024: 2) highest paid individual(s) are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	5,081	4,762
Performance and discretionary bonus	3,100	3,403
Incentive payments	–	4,284
Retirement benefit scheme contributions	373	426
	<b>8,554</b>	<b>12,875</b>

The emoluments were within the following bands:

	Number of employees	
	2025	2024
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$4,000,001 to HK\$4,500,000	–	1
	<b>2</b>	<b>2</b>

During both years, no remuneration was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any remunerations for both years.

## 15. TAXATION

	2025 HK\$'000	2024 HK\$'000
The charge comprises:		
PRC Enterprise Income Tax ("EIT")		
– current year	314,103	300,629
Deferred taxation (Note 35)	105,009	108,025
	<b>419,112</b>	<b>408,654</b>

No provision for Hong Kong Profits Tax has been made as there is no net assessable profit in Hong Kong for both years.

The EIT rates applicable for the Group's PRC subsidiaries range from 15% to 25% (2024: 15% to 25%).

Following the 2020 edition of Catalogue of Encouraged Industries in Western Region (Order No. 40 [2021]) released by the National Development and Reform Commission of the PRC in 2021, certain subsidiaries which are operating in the Western China have been granted a concessionary tax rate of 15% by the local tax bureau.

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Global Anti-base Erosion Rules based on management's best estimate, the management of the Group considered the Group is not liable to income taxes under the Pillar Two Rules.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before taxation	2,171,491	2,205,148
Tax at the applicable rate of 25% (note)	542,873	551,287
Tax effect of expenses that are not deductible for tax purposes	113,808	199,552
Tax effect of income that are not taxable for tax purposes	(15,846)	(127,168)
Effect of different tax rates of subsidiaries operating in different regions	(51,822)	(138,138)
Tax effect of share of results of associates	(151,746)	(88,410)
Tax effect of share of results of joint ventures	(73,444)	(71,392)
Tax effect of utilisation of tax losses not previously recognised	(2,997)	(8,710)
Tax effect of deductible temporary differences not recognised	–	29,019
Tax effect of tax losses not recognised	32,326	38,196
Withholding tax on undistributed profits	25,960	24,418
Tax charge for the year	<b>419,112</b>	<b>408,654</b>

Note: The tax rate of 25% represents EIT which is applicable to most of the Group's operations in the PRC for both years.

## 16. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Dividends recognised as distribution during the year:		
2025 interim dividend of HK5 cents per ordinary share (2024: Nil)	174,129	–
2024 final dividend of HK16 cents per ordinary share (2024: 2023 final dividend of HK16 cents per ordinary share)	556,900	536,717
2024 special dividend of HK3 cents per ordinary share (2024: Nil)	104,419	–
	<b>835,448</b>	<b>536,717</b>

Subsequent to the end of the reporting period, a final dividend of HK14 cents per ordinary share (2024: a final dividend of HK16 cents per ordinary share and a special dividend of HK3 cents per ordinary share, totalling HK19 cents per ordinary share), in an aggregate amount of approximately HK\$514,032,000 (2024: HK\$661,319,000) in respect of the year ended 31st December 2025 has been proposed by the Board and is subject to approval by shareholders at the annual general meeting and compliance with the Companies Act of the Cayman Islands.

## 17. EARNINGS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
<b>Earnings</b>		
Profit for the year attributable to shareholders of the Company for the purpose of basic earnings per share	1,585,355	1,606,116
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds	83,986	81,609
Change in fair value of embedded derivative component of convertible bonds	(12,154)	(75,558)
Profit for the year attributable to shareholders of the Company for the purpose of diluted earnings per share	<b>1,657,187</b>	<b>1,612,167</b>

## 17. EARNINGS PER SHARE (Continued)

	Number of shares	
	2025 '000	2024 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue less shares held for share award scheme for the purpose of basic earnings per share	3,559,610	3,413,761
Effect of dilutive potential ordinary shares:		
Convertible bonds	369,686	362,193
Share options	225	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	3,929,521	3,775,954

The weighted average number of ordinary shares in issue for the calculation of basic and diluted earnings per share for both years presented have been adjusted for the effect of shares held by the trustee pursuant to the share award scheme.

For the year ended 31st December 2024, the computation of diluted earnings per share did not assume the exercise of the share options issued by the Company because the exercise price of those options was higher than the average market price of shares in 2024.

## 18. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Gas and other pipelines HK\$'000	Plant and equipment and others HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>COST</b>					
At 1st January 2024	3,227,030	21,928,331	6,291,622	3,942,033	35,389,016
Currency realignment	(116,865)	(744,648)	(262,170)	(108,094)	(1,231,777)
Additions	196,534	567,206	1,316,245	1,757,137	3,837,122
Transfer from right-of-use assets	-	-	85,167	-	85,167
Disposal of subsidiaries (Note 40)	(2,947)	-	(1,846,634)	(38,255)	(1,887,836)
Disposals	(50,311)	(27,562)	(63,774)	-	(141,647)
Transfers	345,328	870,049	1,416,413	(2,631,790)	-
At 31st December 2024	3,598,769	22,593,376	6,936,869	2,921,031	36,050,045
Currency realignment	178,215	1,078,437	320,635	167,118	1,744,405
Additions	11,378	363,050	994,222	992,841	2,361,491
Acquisition of a subsidiary (Note 40)	8	-	67,037	-	67,045
Disposal of subsidiaries (Note 40)	-	-	(1,666,915)	(33,006)	(1,699,921)
Disposals/write-off	(92,167)	(849)	-	(119,859)	(212,875)
Transfers	-	762,825	875,883	(1,638,708)	-
At 31st December 2025	3,696,203	24,796,839	7,527,731	2,289,417	38,310,190
<b>DEPRECIATION AND IMPAIRMENT</b>					
At 1st January 2024	796,374	4,577,636	1,459,763	-	6,833,773
Currency realignment	(31,404)	(170,870)	(65,800)	(2,322)	(270,396)
Provided for the year	131,030	630,938	403,931	-	1,165,899
Eliminated on disposal of subsidiaries (Note 40)	(650)	-	(172,054)	-	(172,704)
Eliminated on disposals/write-off	(3,127)	(6,133)	(48,680)	-	(57,940)
Impairment provision recognised (Note 21)	-	-	-	116,075	116,075
At 31st December 2024	892,223	5,031,571	1,577,160	113,753	7,614,707
Currency realignment	47,600	272,359	89,959	6,106	416,024
Provided for the year	146,325	703,804	396,340	-	1,246,469
Eliminated on disposal of subsidiaries (Note 40)	-	-	(141,340)	-	(141,340)
Eliminated on disposals/write-off	(83,387)	-	-	(119,859)	(203,246)
At 31st December 2025	1,002,761	6,007,734	1,922,119	-	8,932,614
<b>CARRYING VALUES</b>					
At 31st December 2025	2,693,442	18,789,105	5,605,612	2,289,417	29,377,576
At 31st December 2024	2,706,546	17,561,805	5,359,709	2,807,278	28,435,338

The buildings situated on land in the PRC are held under medium-term leases.

## 19. RIGHT-OF-USE ASSETS

	Leasehold land HK\$'000	Leased properties and others HK\$'000	Total HK\$'000
<b>As at 31st December 2025</b>			
Carrying amount	765,971	131,777	897,748
<b>As at 31st December 2024</b>			
Carrying amount	733,174	135,265	868,439
<b>For the year ended 31st December 2025</b>			
Depreciation charge	(23,632)	(34,363)	(57,995)
<b>For the year ended 31st December 2024</b>			
Depreciation charge	(20,843)	(33,862)	(54,705)
		2025 HK\$'000	2024 HK\$'000
Total cash outflow for leases		69,205	148,704
Transfer to property, plant and equipment		-	85,167
Additions to right-of-use assets		57,466	56,757

For both years, the Group leases various offices, warehouses, staff dormitory, equipment and vehicles for its operations. Lease contracts other than land leases are entered into for fixed terms ranging from 12 months to 30 years (2024: 12 months to 30 years) while for land leases are entered into for fixed terms ranging from 15 years to 70 years (2024: 15 years to 70 years). Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

## 20. INTANGIBLE ASSETS

	HK\$'000
<b>COST</b>	
At 1st January 2024	616,392
Currency realignment	(20,074)
At 31st December 2024	596,318
Currency realignment	27,625
At 31st December 2025	623,943
<b>AMORTISATION</b>	
At 1st January 2024	231,398
Currency realignment	(8,202)
Provided for the year	17,706
At 31st December 2024	240,902
Currency realignment	11,625
Provided for the year	17,691
At 31st December 2025	270,218
<b>CARRYING VALUES</b>	
At 31st December 2025	353,725
At 31st December 2024	355,416

The intangible assets represent the Group's exclusive operating rights and distribution network for piped city gas.

The exclusive operating rights and distribution network are amortised on a straight-line basis over a period of 25 to 50 years.

## 21. GOODWILL

	HK\$'000
<b>COST</b>	
At 1st January 2024	5,265,860
Currency realignment	(171,490)
At 31st December 2024	5,094,370
Currency realignment	236,001
At 31st December 2025	5,330,371
<b>IMPAIRMENT</b>	
At 1st January 2024	445,352
Currency realignment	(11,106)
Impairment provision recognised	30,815
At 31st December 2024	465,061
Currency realignment	21,547
At 31st December 2025	486,608
<b>CARRYING VALUES</b>	
At 31st December 2025	4,843,763
At 31st December 2024	4,629,309

Goodwill acquired in a business combination is allocated to CGUs that are expected to benefit from that business combination. The CGUs are principally engaged in the gas business in the PRC. At the end of the reporting period, the carrying amount of goodwill is presented as follows:

## 21. GOODWILL (Continued)

	2025 HK\$'000	2024 HK\$'000
Hong Kong & China Gas (Qingdao) Limited	318,740	304,629
Hong Kong & China Gas (Zibo) Limited	342,814	327,636
Hong Kong & China Gas (Yantai) Limited	212,697	203,280
Hong Kong & China Gas (Weifang) Limited	109,349	104,508
Hong Kong & China Gas (Weihai) Limited	265,220	253,478
Hong Kong & China Gas (Taian) Limited	205,176	196,092
Hong Kong & China Gas (Maanshan) Limited	278,521	266,190
Hong Kong & China Gas (Anqing) Limited	263,990	252,302
Mianyang Hong Kong & China Gas Co., Ltd. 成都新都港華燃氣有限公司	283,791 215,684	271,226 206,135
Towngas (BVI) Holdings Limited ("Towngas BVI")* 阜新新邱港華燃氣有限公司	395,334 118,677	377,833 113,423
Ji Nan Ping Yin Hong Kong & China Gas Co., Ltd.	120,448	115,115
Mianzhu Hong Kong and China Gas Co., Ltd.	102,145	97,622
Boxing HongKong & China Gas Co., Ltd	86,727	82,887
Dafeng Hong Kong and China Gas Company Limited	244,072	233,266
Baotou Hong Kong & China Gas Company Limited	159,974	152,892
Xingyi Hong Kong & China Gas Company Limited	100,654	96,197
Others	1,019,750	974,598
	<b>4,843,763</b>	<b>4,629,309</b>

\* The operating entities of Towngas BVI are located in the Liaoning and Zhejiang provinces in the PRC.

The recoverable amounts of CGUs are determined from value in use calculations. The value in use calculations are derived from cash flow projections based on the most recent financial budgets for the next 5 years approved by management. The key assumptions for the value in use calculations are those regarding the discounted cash flow forecast based on budgets approved by management of Group, discount rates and growth rates. Management estimates discount rates of 9.0% to 15.0% (2024: 9.0% to 15.5%) that reflect the current market assessments of the time value of money and the risks specific to the CGUs. The inputs and assumptions made in the budgets are based on past practices and economic data relevant to the industry.

Cash flows beyond 5-year period until the end of the relevant concession periods have been extrapolated using growth rates from 3% to 6% (2024: 3% to 6%) per annum, which is based on internal and external factors relating to the CGUs. During the year ended 31st December 2024, an impairment provision of HK\$30,815,000 and HK\$116,075,000 was recognised on goodwill and property, plant and equipment, respectively in respect of certain CGUs principally engaged in gas business in North-Eastern China which were underperformed and with expected decline in future cash flows. The recoverable amount of those CGUs based on value in use was HK\$174,000,000 at 31st December 2024 and the management applied discount rates of 15.0%. Based on the assessment made by management of the Group, no additional impairment provision was necessary during the year ended 31st December 2025 and an accumulated impairment provision of HK\$487 million was recognised as at 31st December 2025.

**21. GOODWILL (Continued)****Sensitivity analysis**

The effect of the reasonably possible change in key assumptions on the calculation of value in use of the CGUs of the gas business, which would cause the carrying amounts to exceed their recoverable amounts is disclosed below.

If the discount rate is increased by 50 basis points and all other variables are held constant, the carrying amounts of the CGUs would be decreased by approximately HK\$4 million (2024: HK\$120 million).

**22. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES**

Details of the Group's interests in associates are as follows:

	2025 HK\$'000	2024 HK\$'000
Cost of investments in associates	4,026,984	2,722,891
Share of post-acquisition profits and other comprehensive income, net of dividends received	2,393,515	1,839,220
	6,420,499	4,562,111
Fair value of listed investments (note)	7,033,889	6,989,709
Loans to associates – current	28,988	37,654

Note: The fair value of listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

## 22. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES (Continued)

Details of the Group's principal associates as at the end of the reporting period are as follows:

Name of entity	Place/form of establishment and operation	Equity interest attributable to the Group		Principal activities
		2025	2024	
Changchun Gas Co., Ltd.*	PRC – Company limited by shares	28.2%	28.2%	Provision of natural gas and related services and gas pipeline construction
Foran Energy Group Co., Ltd.**	PRC – Company limited by shares	36.6%	36.6%	Provision of natural gas and related services and gas pipeline construction
Shandong Towngas Group Co., Ltd. ("Shandong Towngas")***	PRC – Sino-foreign equity joint venture	18.7%	–	Provision of natural gas and related services and gas pipeline construction

\* Its shares are listed on the Shanghai Stock Exchange and its financial information is publicly available.

\*\* Its shares are listed on the Shenzhen Stock Exchange and its financial information is publicly available.

\*\*\* The Group is able to exercise significant influence over Shandong Towngas because it has the right to appoint two out of the eleven directors under the articles of association.

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

### Aggregate information of associates that are not individually material

	2025 HK\$'000	2024 HK\$'000
The Group's share of profit for the year	606,982	353,642
Aggregate carrying amount of the Group's interests in these associates	6,420,499	4,562,111

The loans to associates are interest bearing at fixed rates ranging from 2.80% to 3.10% (2024: 3.10% to 3.70%) per annum, except for a loan amounted to HK\$33,437,000 as at the year ended 31st December 2024 which is interest free. All the loans are unsecured and repayable on demand.

**23. INTERESTS IN JOINT VENTURES/LOANS TO JOINT VENTURES**

Details of the Group's investments in joint ventures are as follows:

	2025 HK\$'000	2024 HK\$'000
Cost of investments in joint ventures	1,714,764	1,572,521
Share of post-acquisition profits and other comprehensive income, net of dividends received	2,498,874	2,294,005
	4,213,638	3,866,526
Loans to joint ventures	14,294	24,596

Details of the Group's principal joint ventures at the end of the reporting period are as follows:

Name of entity	Place/form of establishment and operation	Equity interest attributable to the Group		Principal activities
		2025	2024	
Anqing Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	50.0%	50.0%	Provision for natural gas and related services and gas pipeline construction
Hangzhou Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	50.0%	50.0%	Provision of natural gas and related services and gas pipeline construction
Maanshan Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	50.0%	50.0%	Provision of natural gas and related services and gas pipeline construction
Taian Taishan Hong Kong and China Gas Company Limited (note)	PRC – Sino-foreign equity joint venture	49.0%	49.0%	Provision of natural gas and related services and gas pipeline construction
Weifang Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	50.0%	50.0%	Provision of natural gas and related services and gas pipeline construction
Weihai Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	50.0%	50.0%	Provision of natural gas and related services and gas pipeline construction
Wuhu Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	50.0%	50.0%	Provision of natural gas and related services and gas pipeline construction
Zibo Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	50.0%	50.0%	Provision of natural gas and related services and gas pipeline construction

Note: The Group is able to exercise the joint control over this company which the decisions about the relevant activities require the unanimous consent of the Group and the joint venturers. Accordingly, this company is regarded as a joint venture of the Group.

### 23. INTERESTS IN JOINT VENTURES/LOANS TO JOINT VENTURES (Continued)

The above table lists the joint ventures of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

#### Aggregate information of joint ventures that are not individually material

	2025 HK\$'000	2024 HK\$'000
The Group's share of profit for the year	293,776	285,569
Aggregate carrying amount of the Group's interests in these joint ventures	4,213,638	3,866,526

The loans to joint ventures are interest bearing at a fixed rate ranging from 2.80% to 3.10% (2024: 3.10% to 3.70%) per annum, unsecured and repayable on demand.

### 24. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
Listed shares in the PRC	1,177,933	1,169,442
Unlisted shares in the PRC	126,037	104,584
	1,303,970	1,274,026

These investees are primarily engaged in the provision of natural gas and related services and gas pipeline construction business. These investments are not held for trading, instead, they are held for long-term strategic purposes. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

**25. INVENTORIES**

	2025 HK\$'000	2024 HK\$'000
Finished goods	199,106	177,714
Materials and consumables	417,140	398,441
	<b>616,246</b>	<b>576,155</b>

**26. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	2025 HK\$'000	2024 HK\$'000
Trade receivables (net of allowance for credit losses)	2,184,228	2,005,594
Prepayments	596,429	646,077
Other receivables and deposits	571,378	704,657
Consideration receivable for disposal of subsidiaries	386,416	616,664
Amounts due from associates (note)	404,739	285,066
Amounts due from joint ventures (note)	200,332	111,797
Amounts due from related companies (note)	-	40,214
	<b>4,343,522</b>	<b>4,410,069</b>

Note: The amounts are unsecured, interest-free and repayable on demand.

At 1st January 2024, trade receivables from contracts with customers amounted to HK\$1,464,668,000 (after deducting the allowance for credit losses of HK\$213,914,000).

Included in the balance of trade and other receivables, deposits and prepayments are trade receivables with gross carrying amount of HK\$2,453,537,000 (2024: HK\$2,242,759,000) and allowance for credit losses of HK\$269,309,000 (2024: HK\$237,165,000). The Group has a policy of allowing a credit period ranging from 0 to 180 days to its customers. Longer credit period is also allowed on a case-by-case basis. The following is an aged analysis of trade receivables net of allowance of credit losses presented based on the invoice date, which approximated the revenue recognition date, at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
0 to 90 days	1,601,299	1,486,875
91 to 180 days	221,286	290,626
Over 180 days	361,643	228,093
	<b>2,184,228</b>	<b>2,005,594</b>

## 26. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

As at 31st December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$166,799,000 (2024: HK\$133,237,000) which are past due as at the reporting date. Out of the past due balances, HK\$134,566,000 (2024: HK\$79,116,000) has been past due 90 days or more and is not considered as in default based on the Group's assessment of historical credit loss experience of the existing debtors and all available forward-looking information, including but not limited to the expected economic conditions in the PRC affecting the ability of the customers to settle the debtors and expected subsequent settlements. The Group does not hold any collateral over these balances.

Details of the impairment assessment of trade and other receivables are set out in Note 6.

## 27. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

The amounts due from/to non-controlling shareholders are unsecured, interest-free and repayable on demand.

## 28. RESTRICTED DEPOSITS, TIME DEPOSITS OVER THREE MONTHS AND BANK BALANCES AND CASH

The restricted deposits, time deposits over three months and bank balances carry interest at prevailing market rates ranging from 0.00% to 2.10% (2024: 0.00% to 2.60%) per annum. The restricted deposits represent deposits placed in banks for backing of operation at an energy trading platform.

At the end of the reporting period, included in the bank balances and cash are the following amounts denominated in currencies other than the functional currency of the relevant entities to which it relates.

	2025 HK\$'000	2024 HK\$'000
USD	13,046	13,450
HKD	13,094	7,444

## 29. OTHER FINANCIAL ASSETS

	2025 HK\$'000	2024 HK\$'000
<b>Other financial assets</b>		
<i>Derivatives (under hedge accounting)</i>		
Cash flow hedge – cross currency swap contract under non-current assets	89,352	115,918

The classification of the measurement of the derivative financial instruments at 31st December 2025 and 2024 using the fair value hierarchy is Level 2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Cash flow hedge**

During the year ended 31st December 2022, the Group entered into cross currency swap contracts with total notional amounts of USD200,000,000 to minimise the exposure to fluctuations in foreign currency exchange rates of the USD borrowings with total principal amount of USD200,000,000. The critical terms of the cross currency swap and the corresponding USD borrowings were closely aligned and the Directors considered that the cross currency swap were highly effective hedging instruments and qualified as cash flow hedge. During the year ended 31st December 2025, the fair value change of HK\$26,566,000 (2024: HK\$42,241,000) on derivative instruments designated as cash flow hedge was recorded in hedge reserve, and a fair value change of HK\$67,409,000 (2024: HK\$42,306,000) on derivative instrument designated as cash flow hedge reclassified to exchange differences (included in other gains, net) as a debit of HK\$67,409,000 (2024: credit of HK\$42,306,000) in profit or loss.

The major terms of the cross currency swap as at 31st December 2025 and 2024 were set out below:

Notional amount	Maturity	Exchange rate
USD100,000,000	2027	USD1 to RMB6.3885
USD100,000,000	2027	USD1 to RMB6.3760

### 30. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	2025 HK\$'000	2024 HK\$'000
Trade payables	1,995,804	2,372,003
Other payables and accruals	1,633,036	1,598,574
Consideration payable for acquisition of businesses	178,285	68,868
Amount due to ultimate holding company (note)	1,900	2,703
Deferred consideration	–	130,649
	<b>3,809,025</b>	<b>4,172,797</b>

Note: The amount is unsecured, interest-free and repayable on demand.

#### Trade payable

The Group normally receives credit terms of 0 to 60 days from its suppliers. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
0 to 90 days	1,170,099	1,304,754
91 to 180 days	427,641	569,405
181 to 360 days	150,980	217,571
Over 360 days	247,084	280,273
	<b>1,995,804</b>	<b>2,372,003</b>

### 31. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Sales of piped gas	1,657,126	1,533,460
Gas connection	1,828,846	1,826,595
Gas-related products and services	114,713	111,695
Renewable energy business	30,620	2,018
	<b>3,631,305</b>	<b>3,473,768</b>

**31. CONTRACT LIABILITIES (Continued)**

At 1st January 2024, contract liabilities amounted to HK\$3,632,142,000.

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Sales of piped gas HK\$'000	Gas connection HK\$'000	Gas-related products and services HK\$'000	Renewable energy business HK\$'000
<b>For the year ended 31st December 2025</b>				
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,533,460	679,810	111,695	2,018
<b>For the year ended 31st December 2024</b>				
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,514,038	775,132	75,695	7,630

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

**Sales of piped gas**

The Group typically receives deposits or prepayments from customers for piped gas and other gas-related energy before the respective sales and distribution, and this will give rise to contract liabilities at the start of a contract.

**Gas connection**

The Group receives deposits from customers before the construction work commences, and this will give rise to contract liabilities at the start of a contract.

**Gas-related products and services**

The Group may receive deposits from customers for sales of gas related household appliances and related products, and other related value-added services at the start of a contract, and this will give rise to contract liabilities at the start of a contract. Balance payments will be received after delivery of goods and services.

**Renewable energy business**

The Group may receive prepayments from certain customers for renewable energy and other related energy before the respective sales and distribution, and this will give rise to contract liabilities at the start of a contract.

### 32. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
<b>Lease liabilities payable:</b>		
Within one year	24,986	29,681
Within a period of more than one year but not more than two years	29,550	19,471
Within a period of more than two years but not more than five years	20,701	26,497
Within a period of more than five years	58,504	65,175
	133,741	140,824
Less: Amounts due for settlement with 12 months shown under current liabilities	(24,986)	(29,681)
Amounts due for settlement after 12 months shown under non-current liabilities	108,755	111,143

### 33. BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Bank loans – unsecured	11,851,719	12,759,628
SLB – unsecured	1,558,984	1,556,078
Panda Bonds – unsecured	557,497	532,814
MTN – unsecured	1,113,586	532,141
Other loans – unsecured	45,801	46,346
	15,127,587	15,427,007
Carrying amount repayable:		
On demand or within one year	4,382,717	3,695,547
Within a period of more than one year but not exceeding two years	4,018,116	3,162,859
Within a period of more than two years but not exceeding five years	6,516,045	7,477,276
Within a period of more than five years	210,709	1,091,325
	15,127,587	15,427,007
Less: Amount due within one year shown under current liabilities	(4,382,717)	(3,695,547)
Amount due after one year shown under non-current liabilities	10,744,870	11,731,460

**33. BORROWINGS (Continued)**

The borrowings mainly comprise of:

	Interest rate	Carrying amount	
		2025 HK\$'000	2024 HK\$'000
Floating-rate loans:			
Unsecured RMB bank loans	1.73% – 5.23% (2024: 2.60% – 5.23%)	3,981,257	3,375,566
Unsecured other loans	2.04% (2024: 2.04%)	6,763	7,898
Fixed-rate loans:			
Unsecured RMB bank loans	1.40% – 4.95% (2024: 2.50% – 4.95%)	7,870,462	9,384,062
Unsecured USD SLB	4.00% (2024: 4.00%)	1,558,984	1,556,078
Unsecured RMB Panda Bonds	3.85% (2024: 3.60%)	557,497	532,814
Unsecured RMB MTN	2.30% – 2.80% (2024: 2.80%)	1,113,586	532,141
Unsecured other loans	1.15% – 2.71% (2024: 1.15% – 3.87%)	39,038	38,448
<b>Total bank loans and other loans</b>		<b>15,127,587</b>	<b>15,427,007</b>

In respect of bank loans with carrying amount of HK\$7,114 million as at 31st December 2025 (2024: HK\$7,851 million), the Group is required to comply with financial covenants determined based on consolidated tangible net worth, consolidated net borrowings, consolidated assets or current ratio which are tested on a half yearly on a needed basis. The Group has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank loans balances as non-current.

**34. LOANS FROM ULTIMATE HOLDING COMPANY, NON-CONTROLLING SHAREHOLDERS, ASSOCIATES AND JOINT VENTURES**

At the end of the reporting period, the loan from ultimate holding company carries interest at a fixed rate of 2.80% (2024: 3.50%) per annum and is unsecured and repayable on demand.

At the end of the reporting period, the loans from joint ventures carry interest at a fixed rate of 1.50% (2024: 1.50%) per annum and are unsecured and repayable on demand.

At the end of the reporting period, the loans from non-controlling shareholders carry interest at a fixed rate of 4.99% (2024: 4.99%) per annum and are unsecured.

At 31st December 2024, the loans from associates carried interest at a fixed rate of 1.50% per annum and were unsecured and repayable on demand.

### 35. DEFERRED TAXATION

The following is the major deferred tax liabilities (assets) recognised and movements thereon during the current year:

	Intangible assets	Undistributed profits of joint ventures/ associates/ subsidiaries	Fair value revaluation of equity instruments at FVTOCI	Right- of-use assets	Lease liabilities	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2024	97,304	336,569	268,728	60,948	(63,819)	140,253	839,983
Currency realignment	(3,095)	(11,116)	(8,573)	(1,471)	1,536	(6,284)	(29,003)
(Credit) charge to profit or loss	(3,678)	24,418	-	(25,661)	27,077	85,869	108,025
Credit to other comprehensive income	-	-	(8,927)	-	-	-	(8,927)
Withholding tax paid	-	(11,034)	-	-	-	-	(11,034)
At 31st December 2024	90,531	338,837	251,228	33,816	(35,206)	219,838	899,044
Currency realignment	4,033	15,879	11,450	1,504	(1,544)	6,081	37,403
(Credit) charge to profit or loss	(6,133)	25,960	-	(2,376)	3,315	84,243	105,009
Credit to other comprehensive income	-	-	(7,153)	-	-	-	(7,153)
Withholding tax paid	-	(19,063)	-	-	-	-	(19,063)
At 31st December 2025	88,431	361,613	255,525	32,944	(33,435)	310,162	1,015,240

Others mainly include accelerated depreciation and ECL provision.

At the end of the reporting period, the Group has unused tax losses of HK\$362,860,000 (2024: HK\$480,172,000) available for offsetting against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Such unrecognised tax losses will expire progressively until the year 2030 (2024: year 2029).

At the end of the reporting period, the Group has certain temporary differences associated with undistributed earnings of subsidiaries for which no deferred tax liabilities have been recognised as the Group is able to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

### 36. CONVERTIBLE BONDS

Pursuant to a subscription agreement dated 25th October 2021 entered into by the Company and Clean Energy Ecosystem Pte. Ltd. (the "Investor"), the Company issued and allotted 116,783,333 shares at HK\$5.0 per share and convertible bonds due 2026 of principal amount of RMB1,835,603,000 (equivalent to HK\$2,217,716,000 at an agreed exchange rate) on 18th November 2021. Details of the transactions were disclosed in the Company's announcements dated 25th October 2021 and 18th November 2021.

The convertible bonds entitle the Investor to convert them into ordinary shares of the Company in whole or in part at any time during the conversion period at a conversion price of HK\$6.33 per share, subject to adjustments.

The conversion price of the convertible bonds has been adjusted from HK\$6.33 per share to HK\$6.26, HK\$6.18, HK\$6.06, HK\$5.94 and HK\$5.92 per share as a result of distributions of scrip shares made by the Company to the shareholders since issuance. There was no movement in the number of the convertible bonds during the years ended 31st December 2025 and 2024.

The conversion period commences from the date of issue and will expire on the close of business on the earlier of (i) the date which is 5 business days prior to the maturity date, i.e. 18th November 2026, and (ii) if the convertible bonds shall have been called for redemption prior to the maturity date, the date which is 5 business days prior to the date fixed for redemption. The convertible bonds carry interest at a rate of 1% per annum, which is payable annually in arrears.

The convertible bonds comprise two components:

- The debt component was initially measured at fair value and subsequently measured at amortised cost using the effective interest method after considering the effect of the transaction costs. The effective interest rate of the debt component is 4% (2024: 4%) per annum.
- The embedded derivative component comprises conversion options, which were initially measured at fair value at date of issuance and the end of each reporting period.

	<b>Debt component</b>	<b>Embedded derivative component</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
As at 1st January 2024	1,857,795	94,469	1,952,264
Currency realignment	(67,635)	(1,565)	(69,200)
Interest expense	81,609	–	81,609
Interest paid	(22,177)	–	(22,177)
Gain arising on change of fair value	–	(75,558)	(75,558)
As at 31st December 2024	1,849,592	17,346	1,866,938
Currency realignment	116,000	484	116,484
Interest expense	83,986	–	83,986
Interest paid	(22,177)	–	(22,177)
Gain arising on change of fair value	–	(12,154)	(12,154)
As at 31st December 2025	2,027,401	5,676	2,033,077

### 37. SHARE CAPITAL

	Number of shares	HK\$'000
At 31st December 2025		
– Issued and fully paid:		
Shares of HK\$0.10 each	3,671,690,180	367,169
At 31st December 2024		
– Issued and fully paid:		
Shares of HK\$0.10 each	3,480,651,937	348,065

Details of the authorised share capital are as follows:

	Number of shares	HK\$'000
At 1st January 2024, 31st December 2024 and 31st December 2025	5,000,000,000	500,000

A summary of the movements in the issued and fully paid capital of the Company is as follows:

	Number of shares	HK\$'000
At 1st January 2024	3,354,500,581	335,450
Issue of shares upon scrip dividend scheme (note a)	126,151,356	12,615
At 31st December 2024	3,480,651,937	348,065
Issue of shares upon scrip dividend scheme (notes b and c)	181,050,243	18,105
Share options exercised (note d)	9,988,000	999
At 31st December 2025	3,671,690,180	367,169

Notes:

- (a) On 19th March 2024, a scrip dividend scheme was proposed by the Board, which offers the shareholders of the Company may elect to receive the dividend wholly or partly by the allotment of new shares in lieu of cash. This proposal was approved at the Company's annual general meeting held on 29th May 2024. On 12th July 2024, 126,151,356 shares of HK\$0.10 each were allotted and issued at HK\$2.90 each to shareholders who had elected to receive new shares in lieu of cash dividend in respect of the 2023 final dividend under the scrip dividend scheme.
- (b) On 14th March 2025, a scrip dividend scheme was proposed by the Board, which offers the shareholders of the Company may elect to receive the dividend wholly or partly by the allotment of new shares in lieu of cash. This proposal was approved at the Company's annual general meeting held on 29th May 2025. On 14th July 2025, 149,126,070 shares of HK\$0.10 each were allotted and issued at HK\$3.446 each to shareholders who had elected to receive new shares in lieu of cash dividend in respect of the 2024 final dividend and special dividend under the scrip dividend scheme.
- (c) On 11th September 2025, a scrip dividend scheme allow the shareholders of the Company may elect to receive the dividend wholly or partly by the allotment of new shares in lieu of cash. On 17th October 2025, 31,924,173 shares of HK\$0.10 each were allotted and issued at HK\$3.998 each to shareholders who had elected to receive new shares in lieu of cash dividend in respect of the 2025 interim dividend under the scrip dividend scheme.
- (d) During the year ended 31st December 2025, options were exercised to subscribe for 9,988,000 ordinary shares of the Company of HK\$0.1 each at an aggregate consideration of HK\$33,959,000.

All the shares which were issued in current year/prior year rank pari passu with the then existing shares in all respects.

### 38. RESERVES

General reserves represent the Enterprise Expansion Fund and General Reserve Fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the PRC. They are not available for distribution.

### 39. SHARE-BASED PAYMENT TRANSACTIONS

#### Share award scheme

On 17th August 2021, the Company adopted the share award scheme (the "Scheme") for the purposes of (a) recognising the contributions by certain directors or employees of the Group (the "eligible participants") and providing them with incentives in order to retain them for the continual operation and development of the Group; and (b) attracting suitable personnel for the further development of the Group and to contribute to the long-term growth of the Group. Unless terminated earlier by the Board pursuant to the Scheme, the Scheme shall be valid and effective for a period of ten years commencing on 17th August 2021. Tricor Trust (Hong Kong) Limited was appointed as a trustee of the Scheme. Subject to the terms and conditions of the Scheme and the fulfilment of all vesting conditions, the award shares held by the trustee on behalf of a selected participant shall vest in such selected participant and the trustee shall transfer the award shares to such selected participant. Details of the Scheme were disclosed in the announcement of the Company dated 17th August 2021.

At 31st December 2025, there are 31,000 shares (2024: 24,000 shares) held by the trustee. During the year ended 31st December 2025, an additional 11,607,000 shares (2024: nil) were purchased by the trustee from the market at an average price of approximately HK\$3.46 per share, with an aggregate amount of approximately HK\$40,206,000. During the year ended 31st December 2025, 11,600,000 shares (2024: nil) were granted to the selected directors and eligible employees, and an amount of HK\$41,412,000 being the fair value on date of grant is recognised as share-based payment expenses and included in staff costs when vested during the year. Included in the 11,600,000 shares were 3,800,000 granted to directors and 7,800,000 granted to eligible employees.

#### Share option scheme

The Company has adopted a share option scheme (the "Share Option Scheme") pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 26th May 2022 and the Share Option Scheme was also approved by ordinary resolution of the shareholders of HKCG, the parent company of the Company, at HKCG's annual general meeting on 6th June 2022. The participants include employees and directors of the Group, consultants and other advisors to members of the Group who are also directors and/or senior management staff of subsidiaries of HKCG. The Share Option Scheme is valid and effective for a period of 10 years commencing on 26th May 2022.

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the eligible participants, attracting and retaining persons with the right calibre and experience to work for or make contribution to the Group, fostering a sense of belonging with the Group, and allowing the participants to enjoy the results of the Company achieved through their contributions to the Group.

### 39. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### Share option scheme (Continued)

The maximum number of shares which may be issued under the Share Option Scheme must not (when aggregate with any shares to be issued under any other share option schemes of the Company) exceed 10% of the total number of shares in issue at the date of adoption of the Share Option Scheme. The number of shares in respect of which options may be granted under the Share Option Scheme as at 31st December 2025 was 294,401,534 (2024: 305,515,534).

The maximum number of shares issuable upon the exercise of the share options granted to each eligible participant of the Share Option Scheme within any 12-month period, is limited to 1% of the total number of shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company with such grantee and his associate(s) abstaining from voting.

The exercise period of the share options under Share Option Scheme is determined by the board of directors of the Company and shall end on a date which is not later than 10 years from the date of grant of the options. At the time of grant of the share options, the Company must (a) specify the minimum period(s), if any, for which a share option must be held before it can be exercised in whole or in part, and (b) specify the minimum performance target(s), if any, which must be achieved before the share options can be exercised in whole or in part. The amount payable on acceptance of an offer for grant of share options is HK\$1.00.

The exercise price in respect of any particular option of the Share Option Scheme may be determined by the board of directors of the Company in its absolute discretion and notified to each offeree but may be at least the highest of (i) the closing price of the Company's shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets on the date of offer, which must be a business day; (ii) the average closing price of the Company's shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and (iii) the nominal value of a share.

At 31st December 2025, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 11,600,000 (2024: 10,474,000), representing 0.32% (2024: 0.30%) of the shares of the Company in issue at that date.

Details of options granted under the Share Option Scheme are as follows:

<b>Date of grant</b>	<b>Vesting date</b>	<b>Exercise period</b>	<b>Exercise price</b> HK\$
25th November 2022	25th November 2023	25th November 2023 – 24th November 2025	3.40
18th March 2025	18th March 2026	18th March 2026 – 17th March 2028	3.57

## 39. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

## Share option scheme (Continued)

The following table discloses movements of the Company's share options held by the participants pursuant to the Share Option Scheme during the year:

	Date of grant	Exercise price HK\$	Number of share options				Outstanding at the end of the year
			Outstanding at the beginning of the year	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	
<b>For the year ended</b>							
<b>31st December 2025</b>							
Directors	25th November 2022	3.40	4,050,000	-	(4,050,000)	-	-
Directors	18th March 2025	3.57	-	3,800,000	-	-	3,800,000
Others (note)	25th November 2022	3.40	6,424,000	-	(5,938,000)	(486,000)	-
Others (note)	18th March 2025	3.57	-	7,800,000	-	-	7,800,000
			10,474,000	11,600,000	(9,988,000)	(486,000)	11,600,000
Exercisable at the end of the year							
							-
Weighted average exercise price (HK\$)							
			3.40	3.57	3.40	3.40	3.57
<b>For the year ended</b>							
<b>31st December 2024</b>							
Directors	25th November 2022	3.40	4,950,000	-	-	(900,000)	4,050,000
Others (note)	25th November 2022	3.40	6,713,000	-	-	(289,000)	6,424,000
			11,663,000	-	-	(1,189,000)	10,474,000
Exercisable at the end of the year							
							10,474,000
Weighted average exercise price (HK\$)							
			3.40	-	-	3.40	3.40

The closing share prices immediately prior to 25th November 2022 and 18th March 2025 were HK\$3.42 and HK\$3.54, respectively. In respect of the share options exercised during the year, the weighted average share price at the dates of the exercise was HK\$3.87 (2024: nil).

Note: Other participants represent:

- (i) directors or senior management staff of the subsidiaries of the Company; and
- (ii) directors of both subsidiaries of the Company and of HKCG.

### 39. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### Share option scheme (Continued)

During the year ended 31st December 2025, options were exercised to subscribe for 9,988,000 (2024: nil) ordinary shares of the Company of HK\$0.1 each at an aggregate consideration of HK\$33,959,000 (2024: nil) in which HK\$999,000 (2024: nil) was credited to share capital and the balance of HK\$41,736,000 (2024: nil) was credited to the share premium account. Share option reserve of HK\$8,776,000 (2024: nil) has been transferred correspondingly to the share premium account.

During the year ended 31st December 2025, 486,000 (2024: 1,189,000) share options at an exercise price of HK\$3.40 (2024: HK\$3.40) lapsed upon the retirement or resignation of employees and an amount of HK\$603,000 (2024: HK\$868,000) was transferred from share-based payment reserve to the retained earnings.

During the year ended 31st December 2025, 11,600,000 options were granted pursuant to the Share Option Scheme on 18th March 2025. The estimated fair value of the options granted on that date was HK\$8,251,000 (2024: nil).

The fair value was calculated using the Binomial option pricing model. The inputs into the model were as follows:

Grant date	18th March 2025
Share price (HK\$)	3.57
Exercise price (HK\$)	3.57
Expected volatility	35.148%
Expected life (years)	3
Expected dividend yield	4.482%
Risk-free interest rate	3.119%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Change in the subjective input may materially affect the fair value estimates.

The Group recognised a total expense of HK\$6,492,000 for the year ended 31st December 2025 (2024: nil) in relation to share options granted by the Company.

## 40. ACQUISITION/DISPOSAL OF SUBSIDIARIES

## (i) Disposal of extended business companies

*For the year ended 31st December 2025*

On 25th October 2024, the Group entered into a restructuring agreement with HKCG and Towngas Lifestyle Holding Company Limited ("Towngas Lifestyle"), a wholly-owned subsidiary of HKCG, pursuant to which the Group would transfer certain of its extended business to Towngas Lifestyle and its subsidiaries or associates by way of business transfer and equity interests transfer. The total consideration would be settled by cash of RMB22,432,000 (equivalent to HK\$23,874,000) and an allotment and issue of new shares in Towngas Lifestyle. Upon completion of the transaction, Towngas Lifestyle would become an associate of the Company. Details are set out in the announcements of the Company dated 25th October 2024 and 22nd November 2024.

At 31st December 2024, the Group partially completed the restructuring and 600 new shares, representing approximately 6.38% of the total issued shares of Towngas Lifestyle, were issued to the Group as the first consideration shares, resulting in a gain amounting to HK\$33,582,000 recognised during the year ended 31st December 2024.

During the year ended 31st December 2025, an additional 331 new shares, representing approximately 2.95% of the total issued shares of Towngas Lifestyle, were issued to the Group as the second consideration shares, resulting in a gain amounting to HK\$101,687,000 recognised during the current period. Upon completion of the disposal, the Group held an aggregated equity interest of 9.45% in Towngas Lifestyle.

Analysis of assets and liabilities over which controls were lost:

	HK\$'000
Interests in associates	74,820
Bank balances and cash	110,701
Amounts due to group companies	(92,738)
	92,783
Gain arising on disposal of subsidiaries:	
Additional interests in an associate	61,269
Deferred consideration released	133,201
Net assets disposed of	(92,783)
	101,687
Net cash outflow on disposal:	
Bank balances and cash disposed	(110,701)

#### 40. ACQUISITION/DISPOSAL OF SUBSIDIARIES (Continued)

##### (ii) Disposal of renewable energy companies

Since 2024, the Group initiated an asset-light model to develop its renewable energy business and divested certain subsidiaries. During the year, the Group has disposed of partial equity interests in numerous subsidiaries which are principally engaged in the renewable energy business, at the aggregate consideration of RMB1,481,782,000 (equivalent to HK\$1,608,940,000) (2024: RMB1,309,164,000 (equivalent to HK\$1,414,261,000)). Upon completion of the disposals, these entities ceased to be the subsidiaries but remained as associates or joint ventures of the Group. In the opinion of the Directors, the disposals are individually immaterial and therefore presented on an aggregated basis.

Analysis of assets and liabilities over which controls were lost:

	2025 HK\$'000	2024 HK\$'000
Property, plant and equipment	1,558,581	1,715,132
Right-of-use assets	10,112	24,740
Inventories	–	115
Trade and other receivables	632,877	457,497
Taxation recoverable	–	153
Bank balances and cash	282,194	136,512
Trade and other payables	(904,923)	(841,459)
Contract liabilities	(20)	(239)
Taxation payable	(1,663)	–
Bank borrowings	(24,790)	(39,454)
Lease liabilities	(11,080)	(29,716)
	<b>1,541,288</b>	<b>1,423,281</b>
Gain on disposal of subsidiaries:		
Consideration received	1,389,892	797,597
Consideration receivable for disposal of subsidiaries	219,048	616,664
Retained interests in associates or joint ventures	165,553	190,602
Net assets disposed of	(1,541,288)	(1,423,281)
Non-controlling interests	–	9,266
	<b>233,205</b>	<b>190,848</b>
Net cash inflow on disposal:		
Consideration received	1,389,892	797,597
Bank balances and cash disposed	(282,194)	(136,512)
	<b>1,107,698</b>	<b>661,085</b>

## 40. ACQUISITION/DISPOSAL OF SUBSIDIARIES (Continued)

## (iii) Deemed disposal of a gas company

*For the year ended 31st December 2024*

On 22nd November 2023, Chao Sheng Investments Limited ("Chaosheng"), a wholly-owned subsidiary of the Group which held 60% equity interest in Chaozhou Fengxi Hong Kong and China Gas Co., Ltd. ("Fengxi Gas"), entered into a joint venture agreement with an independent third party and two wholly-owned subsidiaries of HKCG. Pursuant to the joint venture agreement, each of the shareholders agreed to contribute the initial registered capital by cash and additional capital by equity interests in certain subsidiaries. Chaosheng contributed RMB149,500 in cash as initial registered capital of the joint venture company and further contributed 60% equity interest in Fengxi Gas to the joint venture company and held in return an equity interest of 14.95% in the joint venture company. On 7th March 2024, the transaction has been completed and Fengxi Gas ceased to be a subsidiary of the Group.

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Property, plant and equipment	53,862
Right-of-use assets	33
Goodwill	89,268
Inventories	1,435
Trade and other receivables	26,968
Bank balances and cash	1,588
Trade and other payables	(5,223)
Contract liabilities	(1,638)
Deferred tax liabilities	(304)
	165,989
Gain on deemed disposal of a subsidiary:	
Retained interest in an associate	139,958
Net assets disposed of	(165,989)
Non-controlling interests	30,810
	4,779
Net cash outflow on deemed disposal:	
Bank balances and cash disposed	(1,588)

#### 40. ACQUISITION/DISPOSAL OF SUBSIDIARIES (Continued)

##### (iv) Acquisition of a renewable energy company

###### *For the year ended 31st December 2025*

On 6th March 2025, the Group acquired 55% equity interest in Changzhou Towngas China Smart Energy Co., Ltd. ("Changzhou Towngas") at a consideration of RMB57,137,000 (equivalent to HK\$60,810,000).

Changzhou Towngas is principally engaged in renewable energy projects and integrated smart energy projects in Changzhou city and nearby areas.

The net identifiable assets acquired in the acquisition are as follows:

	HK\$'000
Property, plant and equipment	67,045
Interests in associates	42,900
Trade and other receivables	39,166
Trade and other payables	(12,005)
Borrowings	(26,543)
	<hr/> 110,563
Result on the acquisition:	
Consideration paid	41,747
Consideration payable	19,063
Non-controlling interests (45% in Changzhou Towngas)	49,753
Acquiree's fair values of net identifiable assets	(110,563)
	<hr/> -
Net cash outflow on acquisition:	
Consideration paid	(41,747)

The non-controlling interests (45%) in Changzhou Towngas recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Changzhou Towngas and amounted to HK\$49,753,000.

No proforma information of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st January 2025 is presented as contributions are insignificant.

#### 41. ASSETS CLASSIFIED AS HELD FOR SALE

On 26th September 2024, Towngas Investments Limited ("Towngas Investment"), a wholly-owned subsidiary of the Company which held 49% equity interest in an associate, Shandong Jihua Gas Co., Ltd ("Shandong Jihua"), entered into a merger agreement with an independent third party and two wholly-owned subsidiaries of HKCG. Pursuant to the merger agreement, Shandong Jihua would be merged into and absorbed by Shandong Towngas, a joint venture of HKCG (the "Merger"). After the Merger, the registered capital of Shandong Towngas would be the sum of the existing registered capital of Shandong Towngas and Shandong Jihua, and Towngas Investment would hold an equity interest of 18.7% in Shandong Towngas. Upon completion of the transaction, Shandong Jihua would cease to be an associate of the Company but Shandong Towngas would become an associate of the Company. Details are set out in the Company's announcement dated 26th September 2024 and the circular of the Company dated 31st October 2024.

The Merger was approved in an extraordinary general meeting of the Company on 20th November 2024. In the opinion of the Directors, the completion of the transaction was considered to be highly probable and hence the interest in Shandong Jihua amounting to HK\$1,021,371,000 was classified as asset held for sale and was presented separately in the consolidated statement of financial position at 31st December 2024. The fair value of interest in Shandong Towngas was expected to exceed the net carrying amount of the interest in Shandong Jihua and accordingly, no impairment loss was recognised.

The Merger was completed on 9th December 2025 and Shandong Jihua ceased to be an associate of the Company, while Shandong Towngas became an associate of the Company on the same date, resulting in a gain on deemed disposal amounting to HK\$32,603,000.

#### 42. MAJOR NON-CASH TRANSACTIONS

The Group issued additional shares as scrip dividends during both years as set out in Note 37.

During the year ended 31st December 2025, the Group entered into new lease agreements for the use of offices, warehouses, staff dormitory and equipment for 2 to 25 years (2024: 2 to 25 years) while for leasehold land for 15 to 50 years (2024: 15 to 50 years). On the lease commencement, the Group recognised HK\$34,972,000 (2024: HK\$41,266,000) of right-of-use assets and HK\$34,972,000 (2024: HK\$41,266,000) of lease liabilities.

During the year ended 31st December 2024, the Group exercised options to purchase certain leased assets for use in its operations. Accordingly, right-of-use assets of HK\$85,167,000 was transferred to property, plant and equipment.

During the year ended 31st December 2025, the restructuring agreement entered into by the Group with HKCG and Towngas Lifestyle, pursuant to which the Group transferred certain extended business to Towngas Lifestyle for a consideration settled in the form of shares has been completed. Details are set out in Note 40(i).

### 43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other loans	Loans from non- controlling shareholders	Loans from associates	Loans from joint ventures	Loan from ultimate holding company	Dividend payable	Debt component of convertible bonds	Lease liabilities	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2024	16,282,071	15,187	24	27,467	28,453	-	1,857,795	255,279	18,466,276
Financing cash flows	(330,286)	-	5,432	(23,526)	(12,667)	(350,138)	-	(133,213)	(844,398)
New leases entered	-	-	-	-	-	-	-	41,266	41,266
Interest expenses	-	-	-	-	-	-	81,609	13,473	95,082
Interest paid	-	-	-	-	-	-	(22,177)	-	(22,177)
Exchange differences	(485,324)	(495)	6	(424)	(673)	-	(67,635)	(6,265)	(560,810)
Disposal of subsidiaries	(39,454)	-	-	-	-	-	-	(29,716)	(69,170)
Dividend declaration									
- shareholders of the Company	-	-	-	-	-	536,717	-	-	536,717
- non-controlling shareholders	-	-	-	-	-	179,259	-	-	179,259
Issue of shares upon scrip dividend scheme	-	-	-	-	-	(365,838)	-	-	(365,838)
At 31st December 2024	15,427,007	14,692	5,462	3,517	15,113	-	1,849,592	140,824	17,456,207
Financing cash flows	(1,106,094)	-	(5,569)	(2,746)	1,671	(307,694)	-	(46,711)	(1,467,143)
New leases entered	-	-	-	-	-	-	-	34,972	34,972
Interest expenses	-	-	-	-	-	-	83,986	9,561	93,547
Interest paid	-	-	-	-	-	-	(22,177)	-	(22,177)
Exchange differences	804,921	681	107	91	744	-	116,000	6,175	928,719
Acquisition of a subsidiary	26,543	-	-	-	-	-	-	-	26,543
Disposal of subsidiaries	(24,790)	-	-	-	-	-	-	(11,080)	(35,870)
Dividend declaration									
- shareholders of the Company	-	-	-	-	-	835,448	-	-	835,448
- non-controlling shareholders	-	-	-	-	-	113,767	-	-	113,767
Issue of shares upon scrip dividend scheme	-	-	-	-	-	(641,521)	-	-	(641,521)
At 31st December 2025	15,127,587	15,373	-	862	17,528	-	2,027,401	133,741	17,322,492

Note: The amounts reclassified from hedge reserve are excluded in the reconciliation.

**44. RELATED PARTY TRANSACTIONS**

Other than as disclosed elsewhere in the consolidated financial statements, the Group has the following transactions with related parties:

	2025 HK\$'000	2024 HK\$'000
Transactions with fellow subsidiaries (note a):		
Purchase of goods and services	268,641	562,622
Sale of goods and services	353,799	326,602
Transactions with associates and joint ventures of ultimate controlling shareholder (note b):		
Purchase of goods and services	72,976	34,307
Sale of goods and services	42,709	17,386
Transactions with a joint venture (note c):		
Purchase of goods	200,369	113,788
Transactions with associates (note d):		
Purchase of goods	59,930	116,297
Sale of goods	13,766	12,493

Notes:

- (a) HKCG has controlling interests in these companies.
- (b) HKCG has significant influences or jointly controlled in these companies.
- (c) The Group jointly controlled this company with an independent third party.
- (d) The Group has significant influences in these companies.

On 8th December 2023, the Group entered into a transfer agreement with a wholly-owned subsidiary of HKCG to acquire its entire equity interests of 50% in Shanghai Electric & Towngas Energy Technology Co., Ltd. ("Shanghai Electric"), 50% in Jilin Electric Power & Towngas Smart Energy (Jinan) Co., Ltd. ("Jilin Electric") and 100% in Suqian Towngas China Photovoltaic Co., Ltd. ("Suqian Towngas") for the consideration of RMB7,372,000, RMB604,000 and RMB53,118,000 (equivalent to HK\$8,003,000, HK\$656,000 and HK\$57,668,000), respectively. The transfers of Shanghai Electric, Jilin Electric and Suqian Towngas were completed on 22nd August 2024, 5th February 2024 and 16th January 2024, respectively. At 31st December 2025, RMB61,094,000 (2024: RMB61,094,000) remained unsettled and included in trade and other payables and accrued charges. Details are set out in the announcement of the Company dated 8th December 2023.

On 19th December 2024, Towngas China Energy Investment Limited ("TCEI"), an indirect wholly-owned subsidiary of the Company, entered into an equity interest transfer agreement with Hong Kong and China Integrated Power Investment (Shenzhen) Limited ("HCIP"), an indirect wholly-owned subsidiary of HKCG, pursuant to which HCIP agreed to sell the 55% equity interests in Changzhou Towngas held by it to TCEI at the consideration of RMB57,137,000 (equivalent to HK\$60,810,000). At 31st December 2025, RMB17,912,000 (equivalent to HK\$19,946,000) remained unsettled and included in trade and other payables and accrued charges. Details are disclosed in the announcement of the Company dated 19th December 2024. The acquisition was completed on 6th March 2025 and Changzhou Towngas became a non-wholly owned subsidiary of the Group.

Emoluments paid to the key management personnel of the Company which represents the Executive Directors, Non-Executive Directors and Independent Non-Executive Directors are set out in Note 14.



#### 45. COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	264,621	317,526
– Investments (Note 44)	–	60,810

The Group's share of the capital commitments made jointly with other joint ventures relating to its joint ventures, but not recognised at the end of the reporting date is as follows:

	2025 HK\$'000	2024 HK\$'000
Commitments to acquire other venture's ownership interest when a particular event occurs or does not occur in the future	–	12,080

#### 46. RETIREMENT BENEFIT SCHEMES

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. The Group is required to make specific contributions to the retirement schemes at a rate of 12 to 25 percent of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made. Pursuant to these arrangements, the retirement plan contributions charge for the year ended 31st December 2025 amounted to HK\$132,218,000 (2024: HK\$117,065,000).

The Group has joined a MPF Scheme for all its non-PRC employees. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme. For the year ended 31st December 2025, the Group made retirement benefit scheme contributions amounting to HK\$3,093,000 (2024: HK\$2,669,000). At 31st December 2025 and 2024, no forfeited contributions are available to reduce the contribution payable in future years.



## 47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

## (a) Statement of the financial position of the Company:

	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>		
Property, plant and equipment	353	533
Investments in subsidiaries	2,117,855	2,117,855
Investment in an associate	224,286	163,559
Loan to subsidiaries	16,186,546	16,226,998
	18,529,040	18,508,945
<b>Current assets</b>		
Loan to an associate	3,154	33,437
Amounts due from subsidiaries	745,705	870,057
Bank balances and cash	59,832	44,323
	808,691	947,817
<b>Current liabilities</b>		
Other payables and accrued charges	9,700	74,724
Amounts due to subsidiaries	873,804	985,500
Amount due to ultimate holding company	1,900	1,957
Borrowings – amounts due within one year	–	532,141
Convertible bonds	2,033,077	1,866,938
	2,918,481	3,461,260
<b>Net current liabilities</b>	(2,109,790)	(2,513,443)
<b>Total assets less current liabilities</b>	16,419,250	15,995,502
<b>Non-current liabilities</b>		
Loan from a subsidiary	10,848,513	10,344,314
Borrowings – amounts due after one year	599,109	532,141
	11,447,622	10,876,455
<b>Net assets</b>	4,971,628	5,119,047
<b>Capital and reserves</b>		
Share capital	367,169	348,065
Reserves	4,604,459	4,770,982
<b>Total equity</b>	4,971,628	5,119,047



#### 47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

##### (b) Movement of share capital and reserves of the Company:

	Share capital	Share premium	Share- based payment reserve	Shares held for share award scheme	Others*	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2024	335,450	6,068,407	10,247	(108)	(648,513)	5,765,483
Total comprehensive expense for the year	-	-	-	-	(508,994)	(508,994)
Deemed contribution	-	-	-	-	33,437	33,437
Issue of shares upon scrip dividend scheme	12,615	353,223	-	-	-	365,838
Share options lapsed	-	-	(868)	-	868	-
Dividends declared to shareholders	-	(536,717)	-	-	-	(536,717)
At 31st December 2024	348,065	5,884,913	9,379	(108)	(1,123,202)	5,119,047
Total comprehensive expense for the year	-	-	-	-	(189,823)	(189,823)
Deemed contribution	194,674	194,674	-	-	-	389,348
Issue of shares upon scrip dividend scheme	18,105	623,416	-	-	-	641,521
Share options exercised	999	41,736	(8,776)	-	-	33,959
Share options lapsed	-	-	(603)	-	603	-
Recognition of share-based payments upon grant of share options	-	-	6,492	-	-	6,492
Purchase of shares under share award scheme	-	-	-	(40,206)	-	(40,206)
Recognition of share-based payments upon grant of shares under share award scheme	-	-	-	40,207	1,205	41,412
Dividends declared to shareholders	-	(835,448)	-	-	-	(835,448)
At 31st December 2025	367,169	5,714,617	6,492	(107)	(1,116,543)	4,971,628

\* Others represent hedge reserve, exchange reserve and accumulated losses.

##### (c) Amounts due from/to subsidiaries

The amounts due from/to subsidiaries are unsecured, interest-free and are repayable on demand.



#### 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Directly-owned subsidiaries</b>					
TCCL (Finance) Limited	HK – Public company limited by shares	HK\$1	100.0%	100.0%	Financing
Hong Kong & China Gas (Anqing) Limited	British Virgin Islands (“BVI”) – Limited liability company/Hong Kong (“HK”)	US\$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Maanshan) Limited	BVI – Limited liability company/HK	US\$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Qingdao) Limited	BVI – Limited liability company/HK	US\$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Taian) Limited	BVI – Limited liability company/HK	US\$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Weifang) Limited	BVI – Limited liability company/HK	US\$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Weihai) Limited	BVI – Limited liability company/HK	US\$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Yantai) Limited	BVI – Limited liability company/HK	US\$1	100.0%	100.0%	Investment holding

#### 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:  
(Continued)

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Directly-owned subsidiaries (Continued)</b>					
Hong Kong & China Gas (Zibo) Limited	BVI – Limited liability company/HK	US\$1	100.0%	100.0%	Investment holding
TCCL (Project Capital) Limited	BVI – Limited liability company	US\$1	100.0%	100.0%	Investment holding
TCCL (Project) Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Investment holding
Towngas China Group Limited	BVI – Limited liability company/HK	US\$12,821	100.0%	100.0%	Investment holding
Towngas China Holdings Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Investment holding
TSEL (Gas) Holdings Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Investment holding
<b>Indirectly-owned subsidiaries</b>					
TCCL (Project Finance) Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Financing
Chao Sheng Investments Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Investment holding

## 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:  
(Continued)

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Indirectly-owned subsidiaries (Continued)</b>					
C-Tech Laundry Investment Company Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Investment holding
Hong Kong and China Gas (Dalian) Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Investment holding
Hong Kong and China Gas (Zhumadian) Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Investment holding
Singkong Investments Limited	HK – Limited liability company	HK\$10,000	100.0%	100.0%	Investment holding
Towngas China Energy Investment Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Investment holding
Towngas China Energy Investment Limited	PRC – Wholly foreign-owned enterprise	RMB2,250,000,000	100.0%	100.0%	Investment holding
Towngas China (Fengxi) Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Investment holding
Towngas China (Zhengpugang) Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Investment holding

#### 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:  
(Continued)

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Indirectly-owned subsidiaries (Continued)</b>					
Towngas Investments Limited	PRC – Wholly foreign-owned enterprise	US\$200,000,000	100.0%	100.0%	Investment holding
Towngas Renewable Energy (HK) Company Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Investment holding
TSEL (Gas) Investment Limited	HK – Limited liability company	HK\$100	100.0%	100.0%	Investment holding
內蒙古港億天然氣有限公司	PRC – Sino-foreign equity joint venture	RMB80,000,000	85.0%	85.0%	Midstream natural gas project
Towngas Natural Gas Sales Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Procurement of natural gas sources
阜新新邱港華燃氣有限公司	PRC – Wholly foreign-owned enterprise	RMB34,000,000	100.0%	100.0%	Provision of gas and related services
Baotou Hong Kong & China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB20,000,000	85.0%	85.0%	Provision of natural gas and related services and gas pipeline construction
Beipiao Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB56,000,000	80.0%	80.0%	Provision of natural gas and related services and gas pipeline construction

## 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:

(Continued)

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Indirectly-owned subsidiaries (Continued)</b>					
本溪滿族自治縣港華天然氣有限公司	PRC – Wholly foreign-owned enterprise	RMB40,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Boxing HongKong & China Gas Co., Ltd	PRC – Sino-foreign equity joint venture	RMB40,000,000	65.0%	65.0%	Provision of natural gas and related services and gas pipeline construction
Cang Xi Hong Kong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB20,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Cangxian Hong Kong & China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB10,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
Changting Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB22,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
Chaoyang Hongkong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	US\$10,791,838	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
Chengdu Xindu Hong Kong and China Gas Co., Ltd.	PRC – Limited liability company	RMB50,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Chi Ping Hongkong & China Gas Co.Ltd.	PRC – Wholly foreign-owned enterprise	RMB40,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction

#### 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:  
(Continued)

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Indirectly-owned subsidiaries (Continued)</b>					
Chizhou Hong Kong and China Gas Company Ltd.	PRC – Wholly foreign-owned enterprise	RMB70,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Dafeng Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB80,000,000	51.0%	51.0%	Provision of natural gas and related services and gas pipeline construction
Dalian Lvshun Hong Kong and China Gas Co. Ltd.	PRC – Wholly foreign-owned enterprise	US\$15,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Dalian Wafangdian HongKong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB40,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
Da Yi Hong Kong and China Gas Company Limited	PRC – Limited liability company	RMB20,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Gongzhuling Hong Kong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB88,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
廣西中威管道燃氣發展集團有限責任公司	PRC – Wholly foreign-owned enterprise	RMB30,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction.
Guilin Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign owned enterprise	RMB30,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction

## 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:

(Continued)

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Indirectly-owned subsidiaries (Continued)</b>					
Huang Shan Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB40,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Huzhou Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	US\$10,500,000	98.9%	98.9%	Provision of natural gas and related services and gas pipeline construction
Jianping Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB58,000,000	80.0%	80.0%	Provision of natural gas and related services and gas pipeline construction
Jiayang Hong Kong & China Gas Co., Ltd.	PRC – Limited liability company	RMB150,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Ji Nan Ping Yin Hong Kong & China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB200,000,000	82.2%	82.2%	Provision of natural gas and related services and gas pipeline construction
Jiajiang Hong Kong & China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB20,000,000	70.0%	70.0%	Provision of natural gas and related services and gas pipeline construction
Kazuo Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	US\$6,400,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Laiyang Hong Kong and China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	US\$11,520,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction

#### 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:  
(Continued)

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Indirectly-owned subsidiaries (Continued)</b>					
Lezhi Hong Kong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB30,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Liuzhou Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Longkou Hongkong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	US\$7,070,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Luliang Hong Kong & China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB52,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Maanshan Bowang Hong Kong & China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	US\$10,000,000	75.1%	75.1%	Provision of natural gas and related services and gas pipeline construction
Miluo Hong Kong and China Gas Co. Ltd	PRC – Sino-foreign equity joint venture	RMB50,000,000	70.0%	70.0%	Provision of natural gas and related services and gas pipeline construction
Meishan Peng Shan Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB20,000,000	70.0%	70.0%	Provision of natural gas and related services and gas pipeline construction
Peng Xi Hong Kong and China Gas Company Limited	PRC – Limited liability company	RMB20,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction

## 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:

(Continued)

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Indirectly-owned subsidiaries (Continued)</b>					
Pingchang Hong Kong & China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB20,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
Qingdao Dong Yi Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB30,000,000	60.0%	60.0%	Provision of natural gas and related services and gas pipeline construction
Qingdao Zhongji Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB150,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
清遠港華燃氣有限公司	PRC – Limited liability company	RMB50,000,000	80.0%	80.0%	Provision of natural gas and related services and gas pipeline construction
齊齊哈爾港華燃氣有限公司	PRC – Sino-foreign equity joint venture	RMB128,561,800	61.7%	61.7%	Provision of natural gas and related services and gas pipeline construction
Santai Hong Kong & China Co., Ltd.	PRC – Limited liability company	RMB30,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
韶關港華燃氣有限公司	PRC – Limited liability company	RMB50,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Shenyang Hong Kong & China Gas Company Limited	PRC – Wholly foreign-owned enterprise	US\$24,532,434	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction

#### 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:  
(Continued)

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Indirectly-owned subsidiaries (Continued)</b>					
Siping Hong Kong & China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB45,000,000	80.0%	80.0%	Provision of natural gas and related services and gas pipeline construction
松陽港華燃氣有限公司	PRC – Limited liability company	RMB80,000,000	51.4%	51.4%	Provision of natural gas and related services and gas pipeline construction
Tie Ling Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB332,960,000	80.0%	80.0%	Provision of natural gas and related services and gas pipeline construction
Tongshan Hong Kong and China Gas Co. Ltd	PRC – Wholly foreign-owned enterprise	RMB124,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Tongxiang Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	US\$7,000,000	76.0%	76.0%	Provision of natural gas and related services and gas pipeline construction
Weiyuan Hong Kong and China Gas Co., Ltd.	PRC – Limited liability company	RMB30,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Xin Jin Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB40,000,000	60.0%	60.0%	Provision of natural gas and related services and gas pipeline construction
Xingyi Hong Kong & China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB50,000,000	70.0%	70.0%	Provision of natural gas and related services and gas pipeline construction

## 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:  
(Continued)

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Indirectly-owned subsidiaries (Continued)</b>					
修水港華燃氣有限公司	PRC – Sino-foreign equity joint venture	RMB30,000,000	60.0%	60.0%	Provision of natural gas and related services and gas pipeline construction
Yang Jiang Hong Kong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Yangxin Hongkong & China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB18,000,000	76.0%	76.0%	Provision of natural gas and related services and gas pipeline construction
Yifeng Hongkong and China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB32,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Yingkou Hong Kong and China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	US\$9,400,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Yue Chi Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB30,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
Zhong Jiang Hong Kong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB30,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction

#### 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:  
(Continued)

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Indirectly-owned subsidiaries (Continued)</b>					
Ziyang Hong Kong & China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB30,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
徐州工業園區中港熱力有限公司 (note)	PRC – Sino-foreign equity joint venture	RMB160,000,000	49.8%	49.8%	Provision of natural gas distributed energy
港華(深圳)綠電有限公司	PRC – Wholly foreign-owned enterprise	RMB200,000,000	100.0%	100.0%	Renewable energy
濟寧港華智慧能源有限公司	PRC – Sino-foreign equity joint venture	RMB250,000,000	100.0%	85.0%	Renewable energy
Ningbo Gangkun New Energy Technology Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB1,000,000	100.0%	100.0%	Renewable energy
寧波聯闊新能源有限公司	PRC – Wholly foreign-owned enterprise	RMB70,000,000	100.0%	100.0%	Renewable energy
青島市萊西港能清潔能源有限公司	PRC – Wholly foreign-owned enterprise	RMB5,420,000	100.0%	100.0%	Renewable energy
瀋陽港能投智慧能源科技有限公司	PRC – Wholly foreign-owned enterprise	RMB22,470,000	100.0%	100.0%	Renewable energy
陝西港華建能電力工程有限公司	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy

## 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at 31st December 2025 and 2024 are as follows:  
(Continued)

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2025	2024	
<b>Indirectly-owned subsidiaries (Continued)</b>					
天津濱海空保港能投新能源有限公司	PRC – Wholly foreign-owned enterprise	RMB1,941,000	100.0%	100.0%	Renewable energy
濰坊港能投清潔能源有限公司	PRC – Wholly foreign-owned enterprise	RMB130,000,000	100.0%	100.0%	Renewable energy
宜興環興新能源有限公司	PRC – Wholly foreign-owned enterprise	RMB23,500,000	100.0%	100.0%	Renewable energy
四川港華合縱能源有限公司	PRC – Limited liability company	RMB230,000,000	98.8%	98.8%	Upstream project
Qiqihar Xingqixiang Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB60,000,000	100.0%	100.0%	Vehicle gas refilling stations

Note: The Group is able to exercise power in making decisions over the relevant activities over this company in accordance with memorandum of associations and able to appoint more than half of the board of directors of this company. Accordingly, this company is regarded as a subsidiary of the Group.

None of the subsidiaries had issued any debt securities at the end of the year except for TCCL (Finance) Limited which has issued SLB of approximately HK\$1,559 million and Panda Bonds of approximately HK\$557 million, in which the Group has no interest.

No financial information of the non-wholly owned subsidiaries is disclosed in the consolidated financial statements as the non-controlling interests are not individually material to the Group.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.