



ENN 新奥

ENN Energy Holdings Limited

(Stock code: 2688)



**SCALING TO
NEW HEIGHTS**

ANNUAL REPORT 2025





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CORPORATE INFORMATION

Board of Directors**Executive Directors**

Wang Yusuo (Chairman)
 Zhang Yuying (Chief Executive Officer)
 Gong Luojian (President)
 Wang Dongzhi (Chief Financial Officer)
 Zhang Jin
 Su Li

Non-executive Director

Wang Zizheng

Independent Non-executive Directors

Ma Zhixiang
 Yuen Po Kwong
 Law Yee Kwan, Quinn *FCCA*
 Wong Lai, Sarah *FCCA*

Company Secretary

Leung Mui Yin

Authorised Representatives

Wang Dongzhi
 Zhang Jin

Members of the Audit Committee

Wong Lai, Sarah* *FCCA*
 Ma Zhixiang
 Yuen Po Kwong
 Law Yee Kwan, Quinn *FCCA*

Members of the Remuneration Committee

Ma Zhixiang*
 Yuen Po Kwong
 Law Yee Kwan, Quinn *FCCA*
 Wong Lai, Sarah *FCCA*

Members of the Nomination Committee

Wang Yusuo*
 Zhang Jin
 Ma Zhixiang
 Yuen Po Kwong
 Law Yee Kwan, Quinn *FCCA*
 Wong Lai, Sarah *FCCA*

Members of the Risk Management Committee

Zhang Yuying*
 Gong Luojian
 Wang Dongzhi
 Su Li
 Ma Zhixiang
 Yuen Po Kwong
 Law Yee Kwan, Quinn *FCCA*
 Wong Lai, Sarah *FCCA*

Registered Office

PO Box 309
 Uglad House
 Grand Cayman
 KY1-1104
 Cayman Islands

Principal Place of Business in Hong Kong

Room 3101-04, 31st Floor
 Tower 1, Lippo Centre
 No. 89 Queensway
 Hong Kong

Head Office in The PRC

Building A, ENN Industrial Park
 Xinyuan DongDao
 Economic and Technological
 Development Zone
 Langfang City
 Hebei Province
 The PRC

Principal Share Registrar and Transfer Office in the Cayman Islands

Suntera (Cayman) Limited
 Suite 3204, Unit 2A
 Block 3, Building D
 PO Box 1586
 Gardenia Court, Camana Bay
 Grand Cayman
 KY1-1100
 Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor
 Services Limited
 Rooms 1712-1716, 17th Floor
 Hopewell Centre
 183 Queen's Road East
 Wanchai
 Hong Kong

Stock Exchange Listing

The Stock Exchange of Hong Kong Limited

Stock Code

2688

Auditor

Deloitte Touche Tohmatsu
 Registered Public Interest Entity Auditor
 35th Floor, One Pacific Place
 No. 88 Queensway
 Hong Kong

Legal Adviser

Woo, Kwan, Lee & Lo
 26th Floor, Jardine House
 1 Connaught Place
 Central
 Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking
 Corporation
 Bank of China
 Bank of Communications
 China Merchants Bank
 Citibank
 DBS Bank Limited
 Agricultural Bank of China

Website

www.ennenergy.com

E-mail Address

enn@enn.cn

* Chairperson of the relevant Board committees

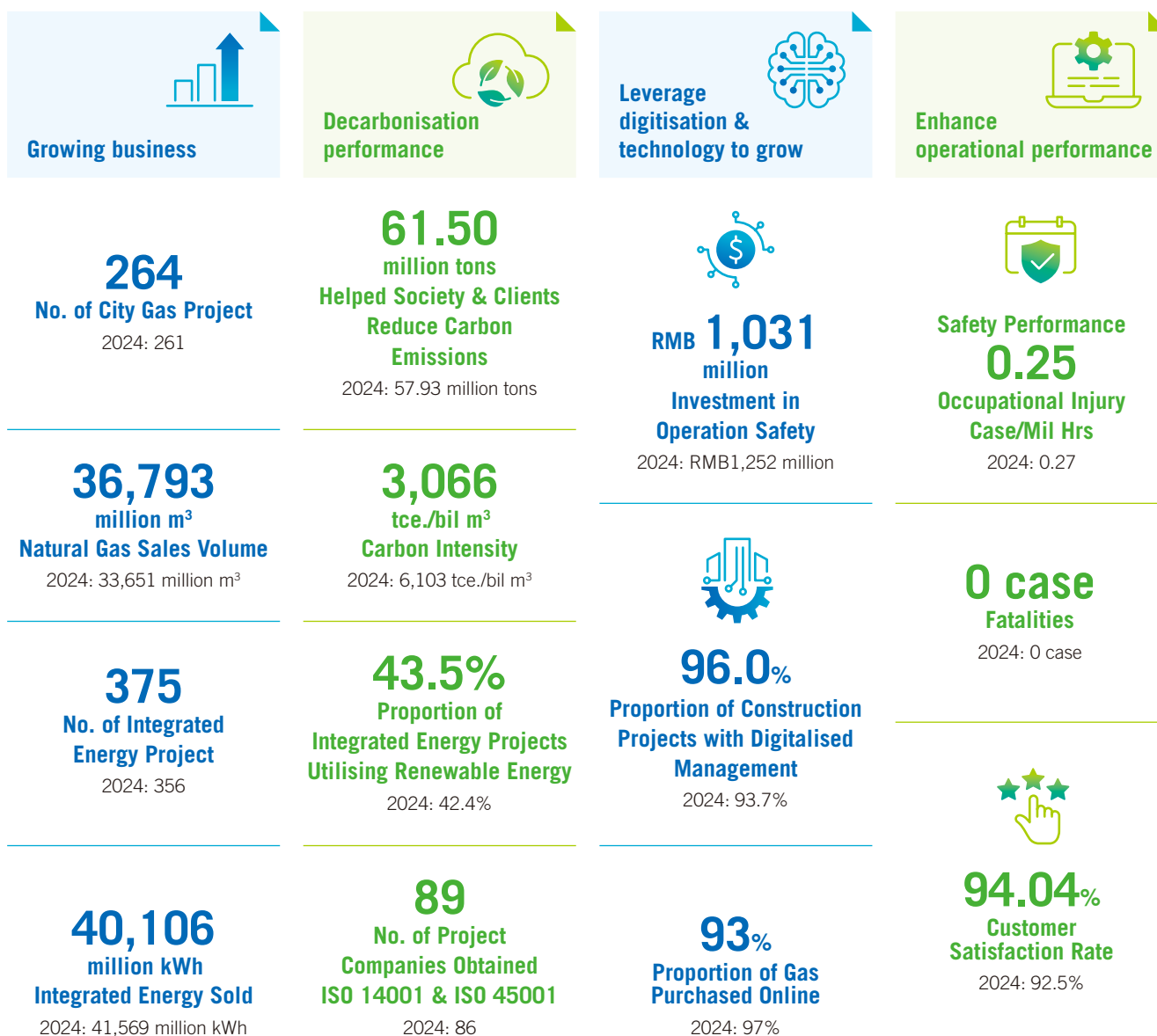
LEVERAGING INTELLIGENT
INNOVATIVE SERVICES
TO BECOME A MULTI-VALUE
SERVICE PROVIDER
ANCHORED IN NATURAL
GAS OPERATIONS

ENN ENERGY AT A GLANCE

Our Vision

ENN Energy is a leading clean energy distributor and solutions provider in China, focusing on satisfying the needs of our customers through technological innovation and digitalisation. Our goal is to help our customers transit to a safe, convenient, and low-carbon future, and create sustainable return for our shareholders.

Key Performance Highlights



Our Key Customers

Large Industrial

- Stable natural gas supply
- Low-carbon services & solutions
- Energy system optimisation

Small-mid Industrial and Commercial

- Stable natural gas supply
- Facilities operation and maintenance
- Convenient customer services

Residential

- Stable natural gas supply
- Clean heating
- Smart home solutions and in-home services

Key indices



Hang Seng ESG 50 Index
Hang Seng Corporate Sustainability Benchmark Index

Hang Seng China Enterprises Index
Hang Seng Composite Large Cap Index
MSCI China Large Cap Index

Key ratings



Sustainability

AAA MSCI	B CDP	19.3 Sustainalytics	79 S&P Global	AA- Hang Seng Corporate Sustainability Index ESG Rating
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Financial

BBB+ Standard & Poor's	Baa1 Moody's	BBB+ Fitch
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Awards & Rankings



Forbes Global 2000
World's Largest Public Companies 2025
Ranked 1338



2025 Sedex
Supply Chain Awards – Technical Innovation Award Nomination
The Financial Program Center of China Media Group (CMG)

China's Top 100 ESG Companied
Ranked 16

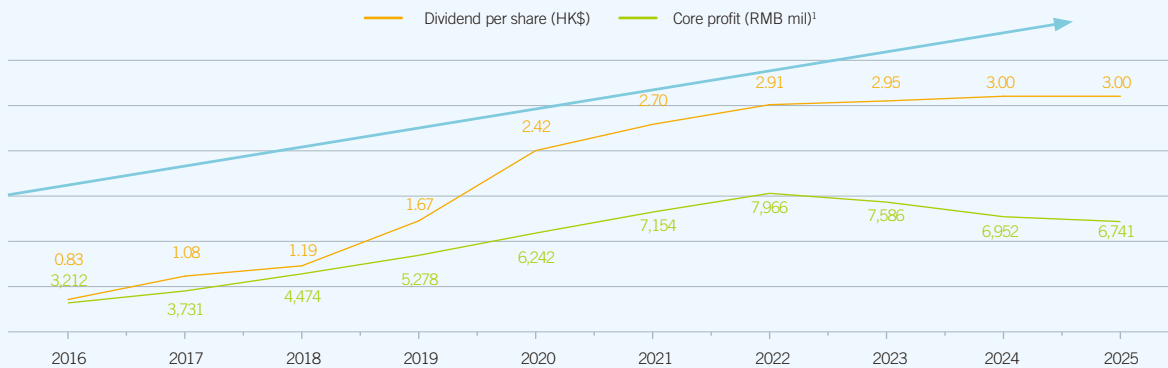
EXTEL
2025 Asia's Best Management Teams

Most Honored Company
Best CEO
Best CFO
Best IR Program

New Fortune
2025 Best IR Hong Kong-listed Company Award

SHAREHOLDER VALUE

10 year Dividend Performance (1 Jan 2016–31 Dec 2025)



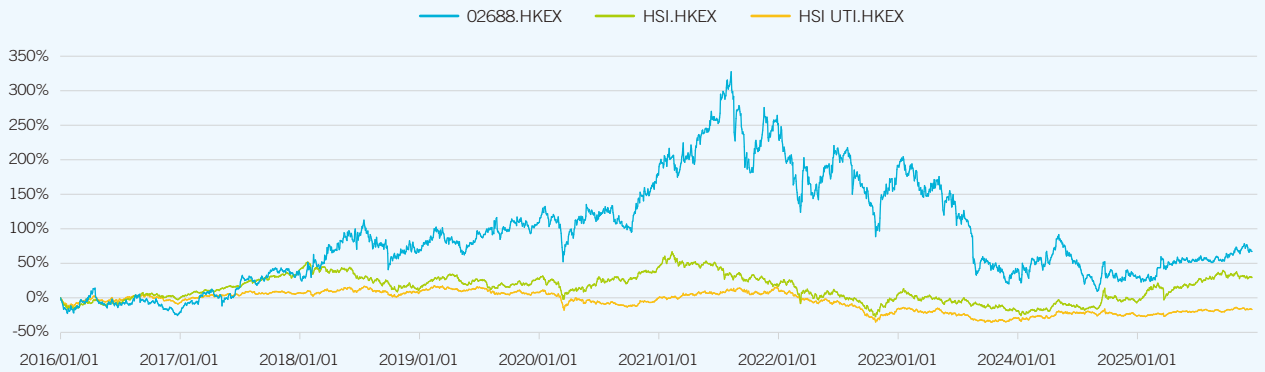
- ¹ Profit attributable to owners of the Company but stripping out other gains and losses (excluding net settlement amount realised from commodity derivative financial instruments, net compensation income and gain on repurchase of senior notes), deferred tax arose from net unrealised gain (loss) of commodity derivative financial instruments and share-based payment expenses (if any).

Dividend Payments

The Company distributes dividends to our shareholders biannually, with the aim of sharing the Company's profit and ensuring a sound financial position of the Company which is sufficient to support our business growth. The Board takes into consideration various factors, including but not limited to the Group's business condition, industry development trend, investment opportunity, as well as providing stable and reliable dividend return to shareholders. The Company started to distribute dividends since 2004, our dividend amounts have been steadily increased most of the time. For details regarding the Group's dividend policy and the key factors considered by the Board when recommending or declaring any dividend, please refer the "Results and Appropriation" section on page 70 of this annual report.



10-year Share Price Performance (1 Jan 2016–31 Dec 2025)



Share performance in 2025

Highest closing price
05 December 2025

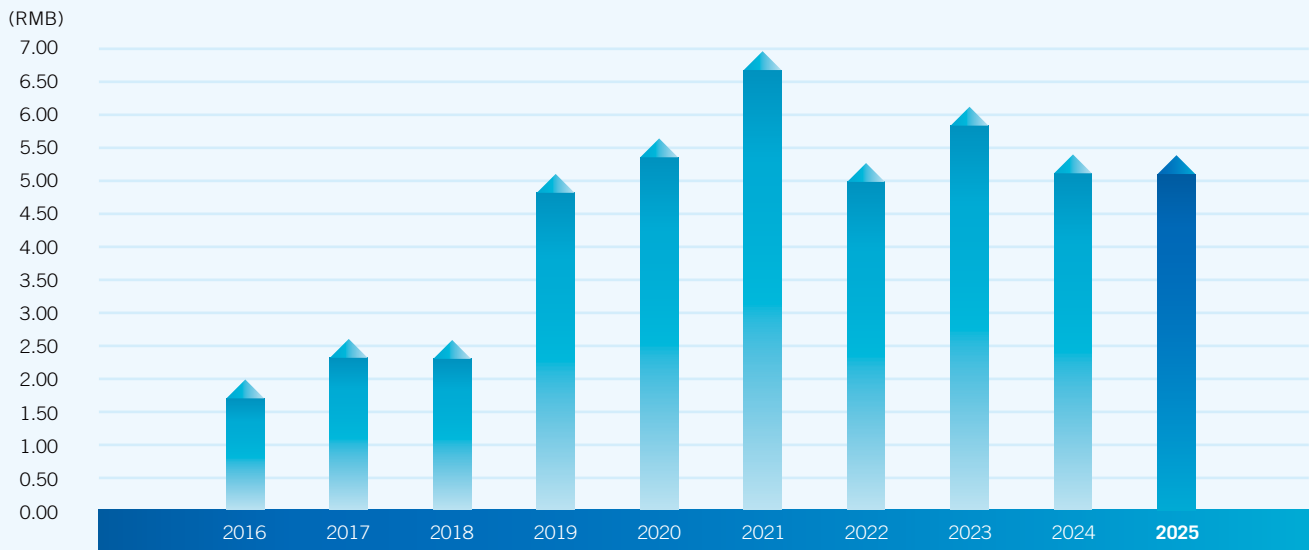
HK\$73.8

Average closing price

HK\$62.7



Basic Earning per Share (2016–2025)



OUR BUSINESS PROFILE

Xinjiang Autonomous Region




Province	City Gas Projects	Installed Capacity ('000 m ³)	Connected Residential Customers ('000 household)
Anhui	29	21,792	3,138
Hebei	34	29,864	4,839
Beijing	1	622	91
Guangdong	30	26,244	3,279
Henan	22	16,448	3,205
Fujian	17	17,153	1,476
Guangxi	7	2,241	660
Jiangxi	5	3,897	70
Hunan	17	18,789	4,218
Sichuan	2	34	5
Yunnan	3	517	118
Inner Mongolia	3	861	271
Heilongjiang	3	787	73
Jiangsu	32	28,380	3,761



Sichuan Province

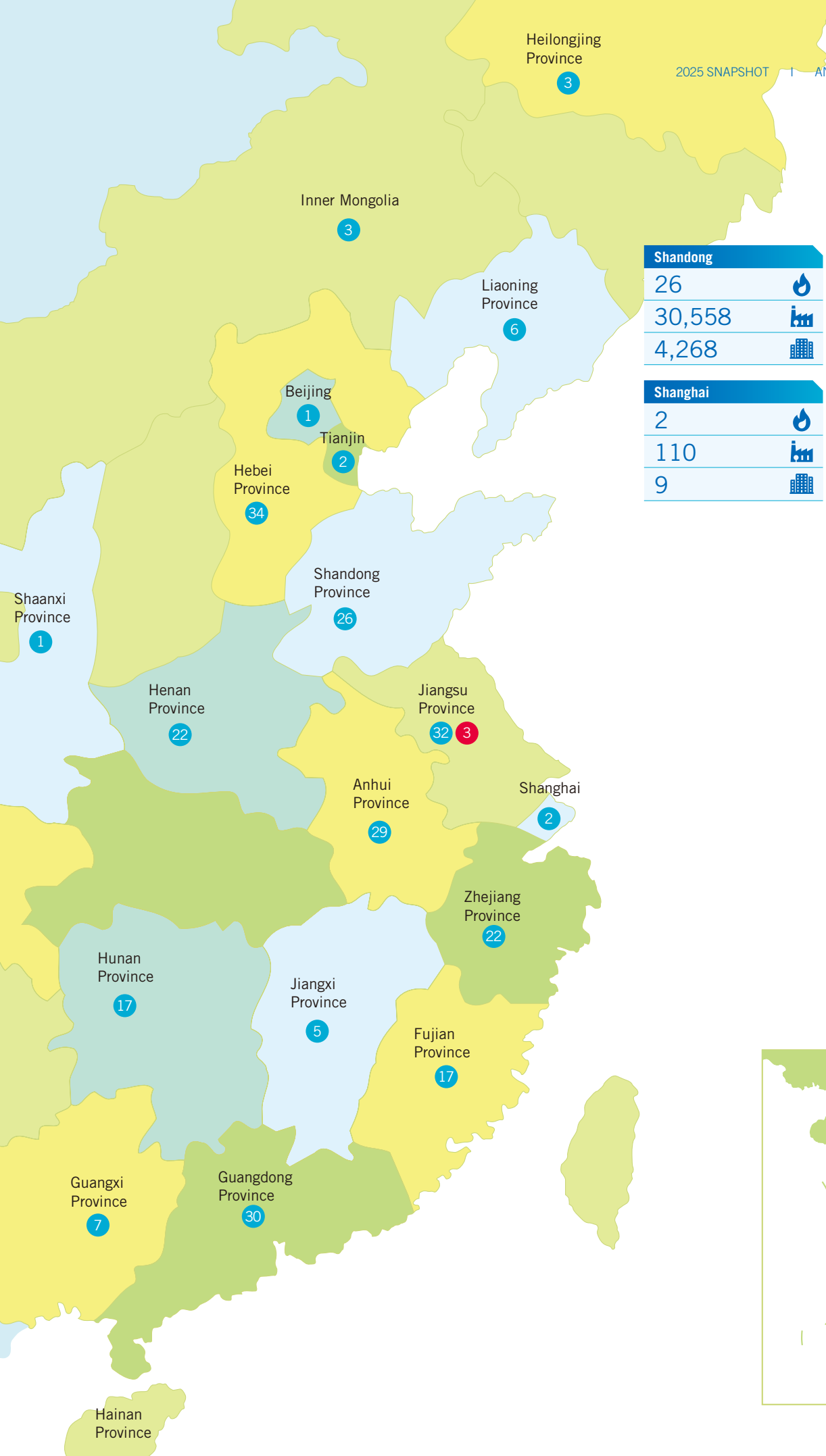
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Yunnan Province

3

-  City Gas Projects
-  Installed Designed Daily Capacity for Connected C/I Customers ('000 m³)
-  Connected Residential Customers ('000 household)

-  ENN Project
-  ENN Projects added in 2025



Shandong	
26	
30,558	
4,268	

Zhejiang	
22	
28,429	
2,841	

Shanghai	
2	
110	
9	

Tianjin	
2	
1	

Shaanxi	
1	
16	
1	

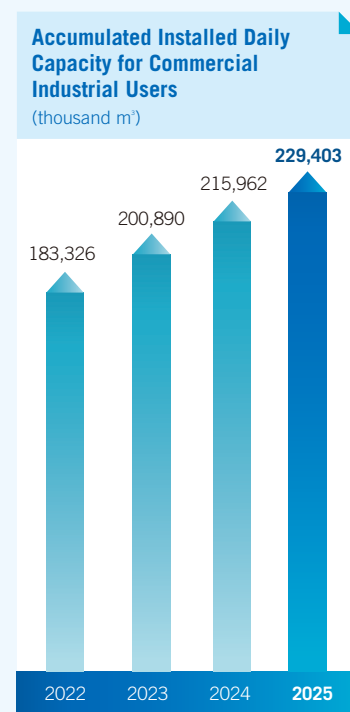
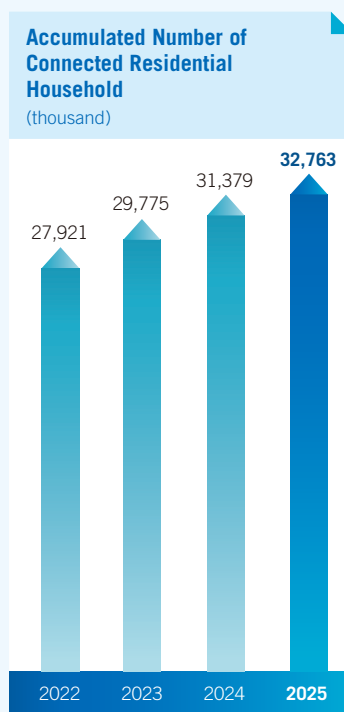
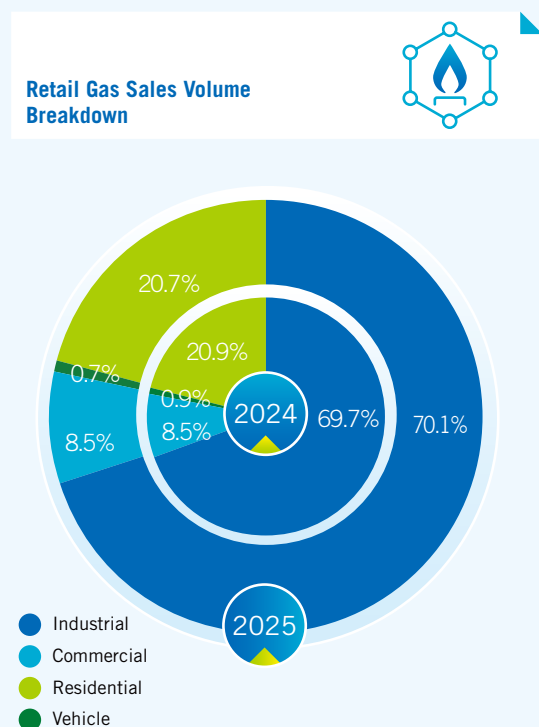
Liaoning	
6	
2,660	
440	



OPERATIONAL & FINANCIAL HIGHLIGHTS

As at 31 December

	2025	2024	Increase/(Decrease)
Key operating data*			
Number of city-gas projects in China	264	261	3
Urban population coverage (thousand)	147,575	143,123	3.1%
New natural gas customers developed during the year:			
– residential households (thousand)	1,384	1,617	(14.4%)
– C/I customers (sites)	44,564	27,775	60.4%
– installed designed daily capacity for C/I customers (thousand m ³)	13,441	15,101	(11.0%)
Accumulated number of piped gas customers:			
– residential households (thousand)	32,763	31,379	4.4%
– C/I customers (sites)	315,507	270,943	16.4%
– installed designed daily capacity for C/I customers (thousand m ³)	229,403	215,962	6.2%
Piped gas penetration rate	66.6%	65.8%	0.8 ppt
Retail gas sales volume (million m ³)	26,606	26,200	1.5%
Wholesale of natural gas sales volume (million m ³)	10,187	7,451	36.7%
Sales volume of integrated energy (million kWh)	40,106	41,569	(3.5%)

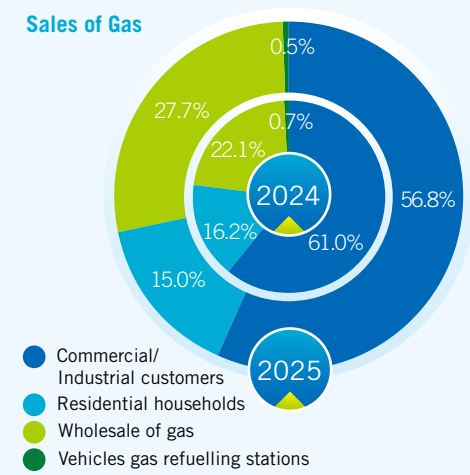
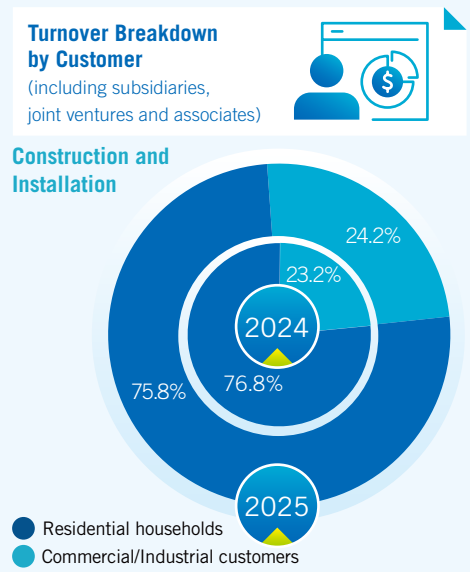
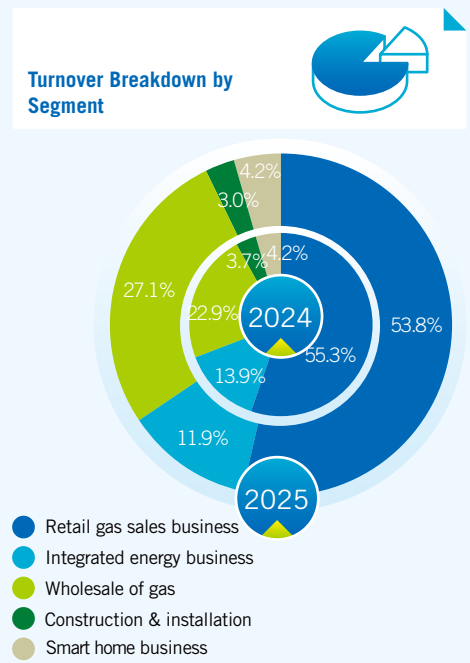


* The Group's operational data included the data of its subsidiaries, joint ventures and associates.

	2025	2024	Increase/ (Decrease)
For the year (in RMB million)			
Revenue			
Retail gas sales business	60,248	60,749	(0.8%)
Integrated energy business	13,276	15,273	(13.1%)
Wholesale of gas	30,350	25,143	20.7%
Construction and installation	3,360	4,095	(17.9%)
Smart home business	4,671	4,593	1.7%
Total	111,905	109,853	1.9%
Gross profit			
Retail gas sales business	6,127	6,225	(1.6%)
Integrated energy business	2,338	2,220	5.3%
Wholesale of gas	51	94	(45.7%)
Construction and installation	1,662	1,895	(12.3%)
Smart home business	3,114	2,971	4.8%
Total gross profit	13,292	13,405	(0.8%)
Core profit¹	6,741	6,952	(3.0%)
As at 31 December (in RMB million)			
Total assets	106,018	103,220	2.7%
Total borrowings	19,141	19,532	(2.0%)
Earnings and Dividend per share			
Earnings per share (RMB)	5.31	5.35	(0.7%)
Dividend per share (HK\$) ²	3.00	3.00	-
Ratios			
Return on equity ³	12.3%	13.3%	(1.0 ppt)
Net gearing ratio ⁴	20.5%	23.2%	(2.7 ppt)

Notes:

- Profit attributable to owners of the Company but stripping out other gains and losses (excluding net settlement amount realised from commodity derivative financial instruments, net compensation income and gain on repurchase of senior notes) and relevant deferred tax arose from net unrealised gain (loss) of commodity derivative financial instruments.
- Total dividends per share in 2025 include the interim dividend of HK\$0.65 per share paid and the proposed final dividend of HK\$2.35 per share, while total dividends per share in 2024 included the interim dividend and final dividend paid per share.
- Return on equity = Profit for the year attributable to owners of the Company/Equity attributable to owners of the Company
- Net gearing ratio = Net debts/Total equity x 100%



COMPARISON OF TEN-YEAR RESULTS

	2025	2024	2023	2022
Highlights (Group)*				
Number of households developed (thousand)	32,763	31,379	29,775	27,921
Installed designed daily capacity for C/I customers (thousand m ³)	229,403	215,962	200,890	183,326
Units of piped gas sold				
– Residential households# (thousand m ³)	5,529,135	5,479,843	5,359,365	5,160,954
– C/I customers (thousand m ³)	20,905,320	20,488,875	19,537,845	20,490,323
Gas sold to vehicles gas refuelling stations (thousand m ³)	194,275	253,488	310,779	415,214
Wholesale of gas sales volume (thousand m ³)	10,187,122	7,451,015	8,476,566	6,755,548
Revenue & Profit (RMB million)				
Revenue	111,905	109,853	113,858	110,051
Profit before tax	8,614	8,797	10,005	9,052
Income tax expense	(1,791)	(1,921)	(2,273)	(2,386)
Profit for the year	6,823	6,876	7,732	6,666
Profit for the year attributable to non-controlling interests	(919)	(889)	(916)	(799)
Profit for the year attributable to owners of the Company	5,904	5,987	6,816	5,867
Dividends	3,070	3,150	3,029	2,936
Assets & Liabilities (RMB million)				
Non-current assets (excluding interests in associates and joint ventures)	72,634	70,660	66,931	66,748
Interests in associates	5,261	4,943	4,708	3,607
Interests in joint ventures	5,490	5,433	5,117	4,870
Current assets	22,633	22,184	26,375	27,133
Current liabilities	(35,572)	(32,502)	(34,923)	(36,082)
Non-current liabilities	(16,371)	(19,642)	(19,946)	(20,714)
Net assets	54,075	51,076	48,262	45,562
Capital & Reserves (RMB million)				
Share capital	117	117	117	117
Reserves	47,708	44,984	42,543	38,923
Equity attributable to owners of the Company	47,825	45,101	42,660	39,040
Non-controlling interests	6,250	5,975	5,602	6,522
Total equity	54,075	51,076	48,262	45,562
Earnings per share – Basic (RMB)	5.31	5.35	6.05	5.20

* The Group's operational data included the data of its subsidiaries, joint ventures and associates.

Residential gas sales volume includes household users and social welfare institutions since 2019.

2021	2020	2019	2018	2017	2016
25,835	23,213	20,920	18,523	16,221	14,147
162,822	141,787	124,709	106,553	87,901	71,182
4,707,980	4,197,249	3,806,381	2,889,578	2,153,314	1,821,136
19,915,629	16,882,284	14,879,404	13,228,550	10,934,583	7,966,280
681,304	909,712	1,276,484	1,293,930	1,447,063	1,561,737
7,827,611	7,616,141	7,038,805	5,958,069	5,140,957	3,036,778
93,113	71,617	70,183	60,698	48,269	34,103
11,393	9,558	8,841	5,601	5,190	4,195
(2,398)	(2,227)	(1,980)	(1,783)	(1,517)	(1,307)
8,995	7,331	6,861	3,818	3,673	2,888
(1,240)	(1,053)	(1,191)	(1,000)	(871)	(737)
7,755	6,278	5,670	2,818	2,802	2,151
2,593	2,273	1,719	1,176	952	775
63,712	58,715	54,581	45,706	36,155	32,487
3,655	3,619	3,308	3,049	1,505	1,350
5,063	4,141	3,841	3,620	3,929	3,704
27,558	23,568	19,515	21,539	17,626	13,840
(41,579)	(33,233)	(31,288)	(33,017)	(25,605)	(18,341)
(16,259)	(20,638)	(18,937)	(15,343)	(13,393)	(15,186)
42,150	36,172	31,020	25,554	20,217	17,854
117	117	116	116	112	112
35,660	30,444	25,752	21,269	16,840	14,854
35,777	30,561	25,868	21,385	16,952	14,966
6,373	5,611	5,152	4,169	3,265	2,888
42,150	36,172	31,020	25,554	20,217	17,854
6.88	5.59	5.05	2.56	2.59	1.99

CHAIRMAN'S STATEMENT

In 2025, amid the dual challenges of a complex and volatile global landscape and domestic economic pressure and adjustment, ENN Energy remained customer-centric, leveraged digital and intelligent capabilities to advance the high-quality and coordinated development of its three core businesses: natural gas, integrated energy, and smart home, achieving growth in both scale and quality improvement. Facing external uncertainties, the Company took intelligent transformation as a key priority, continuously optimise organisational effectiveness and governance systems, and steadily strengthened the foundation for sustainable development. In 2026, we will seize the strategic opportunities arising from the convergence of intelligent technology innovation and energy transition, focus on creating customer value, accelerate the full upgrading of our business models, and work hand-in-hand with all stakeholders to pursue steady progress and long-term growth amid a changing landscape.



Dear Shareholders,

At present, the global situation remains complex and volatile. Internationally, the spillover effects of geopolitical risks have intensified volatility in the global energy market, rendering the external environment for stable resource acquisition increasingly challenging. Meanwhile, rising tariff barriers have imposed significant cost pressures on export-oriented enterprises. Domestically, the economy has maintained overall stability under pressure, with industrial restructuring accelerating. As the process of “de-involution” and “capacity reduction” gain momentum, enterprises are advancing with greater resolve towards intelligent and green transformation. At the same time, the consumer market has become more rational and diversified, with customers’ pursuit of quality and experience driving continuous demand upgrades. Amid these

shifts, challenges and opportunities coexist, placing higher demands on the Group’s strategic focus and execution capabilities.

ENN Energy stayed closely aligned with customer needs, seized low-carbon opportunities, and delivered steady growth in the natural gas business, quality advancement in the integrated energy business, and rapid expansion in the smart home business, achieving dual improvements in both scale and quality. At the same time, supported by intelligence, the Company deepened the implementation of its organisational paradigm of “customer demand-driven, partner self-driven value creation”, continuously strengthened

governance in safety, assets management, and ESG, and achieved overall steady development. For the year ended 31 December 2025, the Group’s revenue increased by 1.9% to RMB111,905 million, while core profit declined slightly by 3.0% to RMB6,741 million. Basic earnings per share reached RMB5.31. The board of directors (the “Board”) recommends a final dividend of HK\$2.35 per share. Together with the interim dividend of HK\$0.65 per share already paid, the total dividend for the year amounts to HK\$3 per share, unchanged from last year.

Wang Yusuo
Chairman



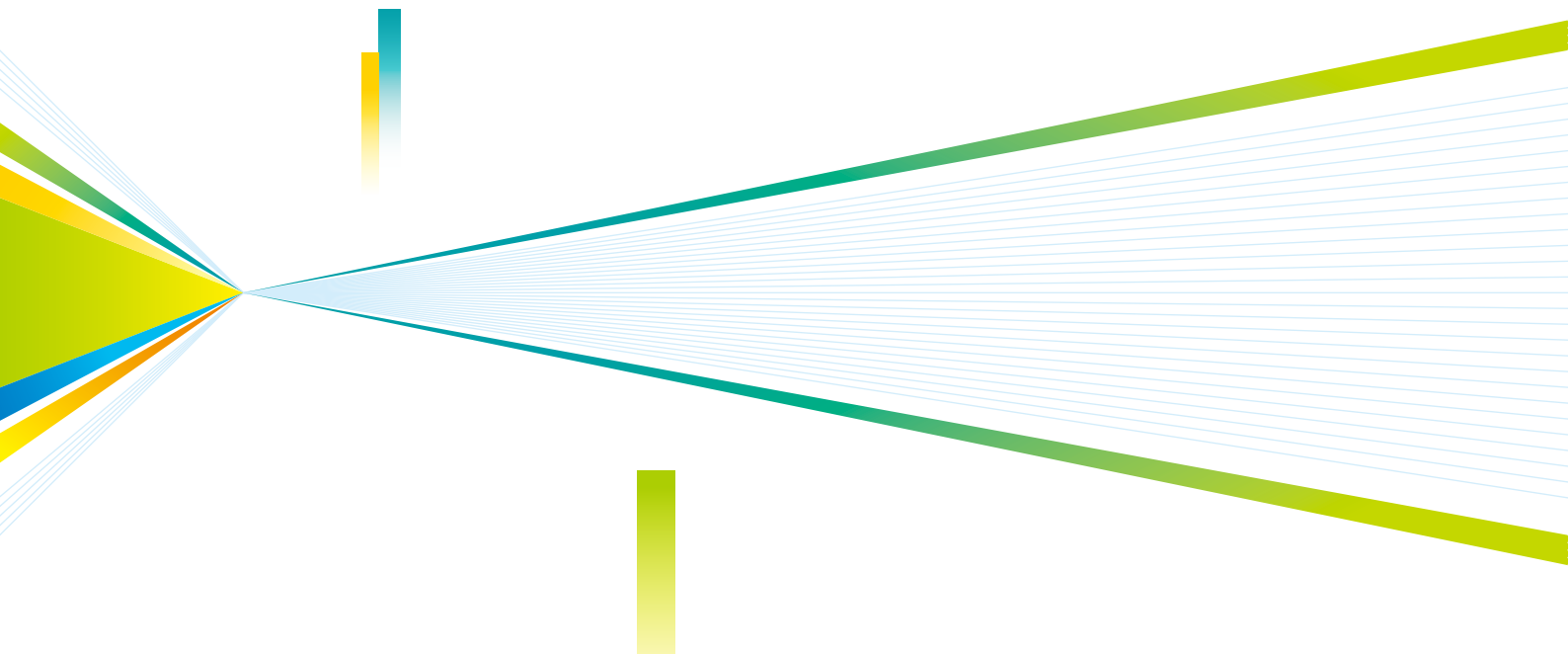
CHAIRMAN'S STATEMENT

Looking ahead to 2026, the global governance system is undergoing profound restructuring, with trade protectionism intertwined with environmental uncertainties. Against this backdrop, domestic counter-cyclical policies continue to play an active role, effectively stimulating potential demand in both investment and consumption. The energy transition is accelerating and electricity demand is growing rapidly. With the accelerated development of a new power system and the establishment of a unified national electricity market, the industry is entering a strategic phase of low-carbon development. At the same time, artificial intelligence has progressed beyond technological breakthroughs to deep application, rapidly integrating into thousands of households and diverse industries, and emerging as a core driver in reshaping production

relations and transcending the boundaries of productivity. ENN Energy will remain customer-centric, firmly seize opportunities in the intelligent era, and leverage intelligence to precisely identify demand, enhance core capabilities, upgrade business models, and build an ecosystem of self-driven value creation – progressing steadily amid challenges and releasing new momentum amid opportunities.

The natural gas business is accelerating its intelligent transformation, harnessing advanced digital technologies to enable dynamic sensing and precise integration of demand, resources, and facilities, thereby laying a solid foundation for business innovation. On the customer front, the Group is driving the implementation of personalised solutions through flexible and innovative service offerings and intelligent matching mechanism, expanding its reach to a broader and more diverse customer base. On the resource front, supported by natural gas simulation and intelligent risk-control capabilities, the Group continues to refine and innovate procurement models, building a competitive low-cost resource pool. Ultimately, through intelligent dynamic optimisation, the Group will adopt more flexible and efficient models to meet differentiated customer gas-usage needs, ensuring steady growth in supply and sustained value creation.

The integrated energy business will systematically identify customer needs in safety, cost reduction, flexibility, and low-carbon development. Guided by the integrated energy concept, ENN Energy will deepen process optimisation, energy substitution, managed operations, and green electricity trading for industrial customers, actively cultivate carbon services, and expand the scale of key industry customers. For building customers, focus will be placed on energy optimisation, the development of cold/heat storage, enhance system operations, and support for customers' green upgrades. For park and regional customers, ENN Energy will actively expand integrated "load-source-grid-storage-carbon" services, build zero-carbon park pilots, and develop green electricity direct supply and virtual power plant businesses. At the same time, supported by intelligence, the Company will cultivate core capabilities in electricity and carbon, underpinning integrated energy upgrades and driving overall industrial development.



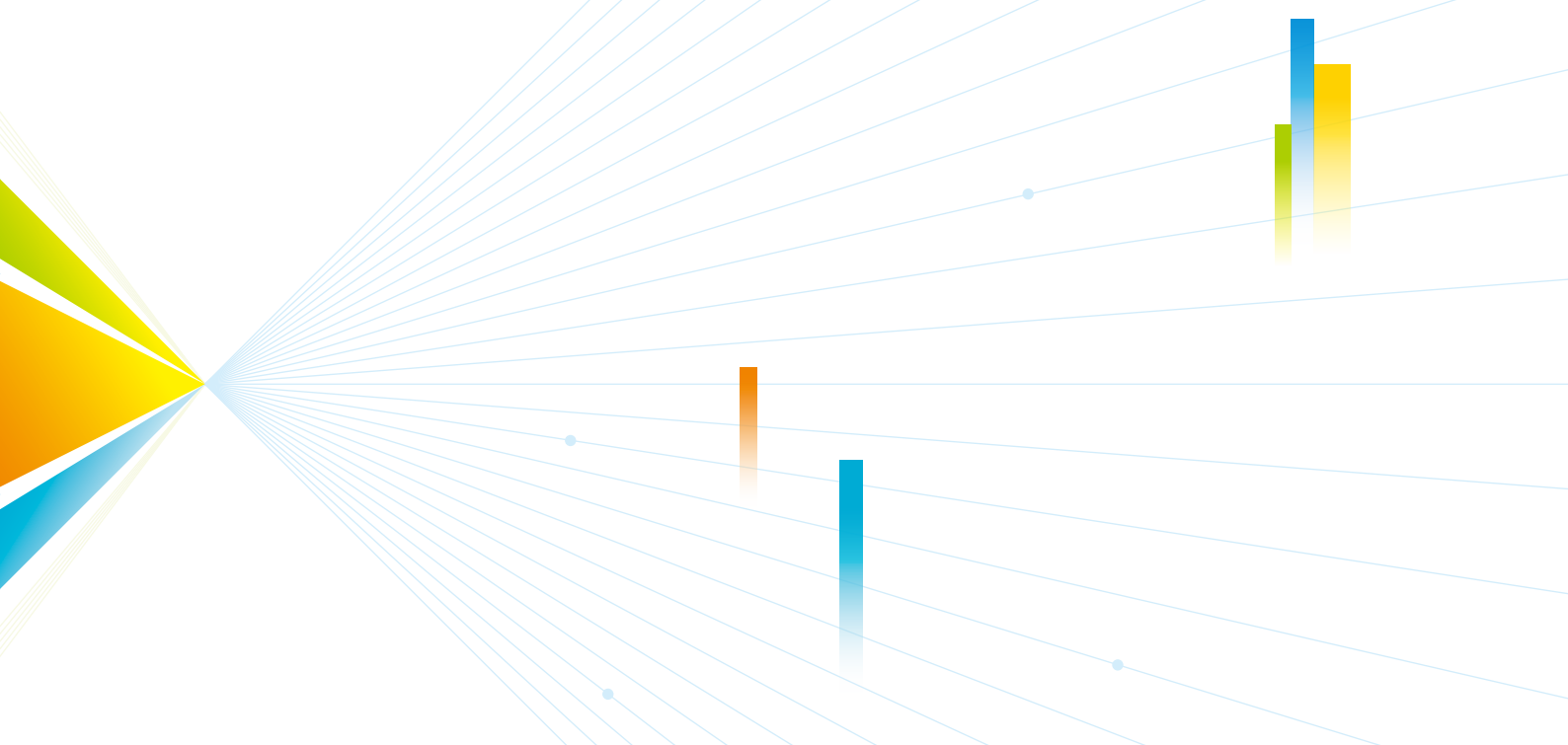
The smart home business will closely follow the quality living needs of household customers. Centered around gas usage scenarios, ENN Energy will leverage “Smart Gas Companion” to precisely identify personalised demand, drive service upgrades, reduce operational costs, enhance customer experience, and strengthen trust. The Company will continue to upgrade products such as “Home Safety Pass”, providing facility safety inspection services through intelligent interaction, supported by complementary offerings to eliminate potential safety hazards. With a focus on kitchen safety, convenience, aesthetics, and intelligence, ENN Energy will develop integrated kitchen appliance solutions based on smart products. For broader household scenarios, such as culinary experiences, the Company will explore platform-based operating models that intelligently analyse demand and drive ecosystem supply, elevating sustainable business development to new heights.

Finally, on behalf of the Board, I extend my sincere gratitude to all shareholders for your enduring trust and support. Looking ahead, we remain committed to prudent operations, continuously enhancing management and governance effectiveness to ensure the Company’s steady and sustainable progress in an increasingly complex environment. While pursuing high-quality business development, we will also uphold a stable and sustainable shareholder return mechanism, sharing long term value with our shareholders. We look forward to continuing this journey together and advancing side by side!

Wang Yusuo

Chairman

27 March 2026



MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION HIGHLIGHTS

In 2025, notwithstanding a complex and challenging internal and external environment, the national economy maintained overall stability, while new productive forces grew steadily. The government strengthened policies to expand domestic demand, and electricity market reform progressed rapidly. These trends encouraged commercial and industrial (“C/I”) customers to pursue low-carbon and cost-effective solutions, while residential customers prioritised safety and quality, creating new growth opportunities for the Company. The

Group remained customer-centric and deepened the application of intelligent innovation, achieving sustained expansion of its customer base, further optimisation of its profit structure, and building solid momentum for sustainable development.

Natural Gas Sales Business: Leveraging Scale-driven Profitability, Expanding Customer Base

In 2025, amid the macro-environment of a slowdown in the growth rate of apparent natural gas consumption, the Group adhered to the strategy of “Scale-driven Profitability”, focusing on customers’ core

needs for safe, stable, and cost-efficient gas usage. By deepening customer value and fully leveraging the advantages of our extensive customer base and business scale, we continued to strengthen resource capabilities, optimise the volume-price matching mechanism, and enhance flexible spatial and temporal dispatch. These efforts supported the steady expansion of our business scale. During the year, the Group achieved retail natural gas sales of 26,606 million cubic meters, increased by 1.5% year-on-year.



The Group tailored solutions for C/I customers based on their respective industry characteristics, energy consumption patterns and alternative energy trends, precisely identifying their differentiated needs. For industrial customers, focusing on their core demands for stable energy supply, low-carbon transition and cost efficiency, the Group leveraged its upstream resource advantages and adopted flexible pricing strategies to unlock incremental volume from key accounts. Meanwhile, we continued to advance our technological expertise in industrial energy conservation, accelerating the energy transition through initiatives such as “electricity-to-gas” and “coal-to-gas”. In doing so, we helped customers achieve their energy-saving and carbon-reduction goals while driving large-scale market development. For commercial customers, centring on their demand for safe and convenient energy supply, the Group explored potential opportunities in areas not yet covered by natural gas. Seizing the policy opportunities of the government’s “bottle-to-pipeline” programme, the Group fully applied intelligent tools for opportunity identification, demand analysis and solution design, which significantly improved market development efficiency, leading to notable growth in customers from accommodation and catering segments. For residential customers, amid downward pressure in the real estate market, the Group launched targeted programmes to unlock demand from existing households. It also actively responded to the national policy direction of rationalising residential gas pricing and steadily promoted the price adjustment processes. By the end of 2025, 71.6% of residential gas volumes had completed gas price adjustment.

Number of City-gas Projects



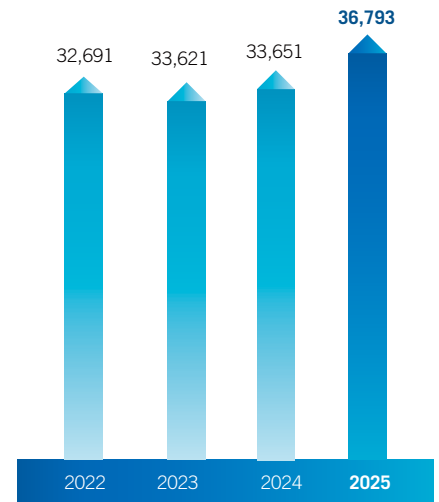
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In 2025, the Group’s newly added C/I customers contributed an installed designed daily capacity of 13.44 million cubic metres, bringing the cumulative installed designed daily capacity for C/I customers to 229 million cubic metres. During the year, the Group developed 45,000 new C/I customers, increasing the total number of C/I customers to 316,000. In the residential segment, the Group completed construction and installation for 1.38 million new households, raising the total number of residential households to 32.76 million. The expanding customer base had not only injected steady growth momentum into the natural gas business, but also created greater scope for resource optimisation and infrastructure efficiency enhancement, laying a solid foundation for the development of the integrated energy and smart home businesses.

On the resource procurement front, the Company leveraged its expanding customer base, adhered to a demand-driven supply model, and continuously optimised its gas supply structure. In 2025, the Group further consolidated cooperation with the three major oil companies, secured Sinopec’s

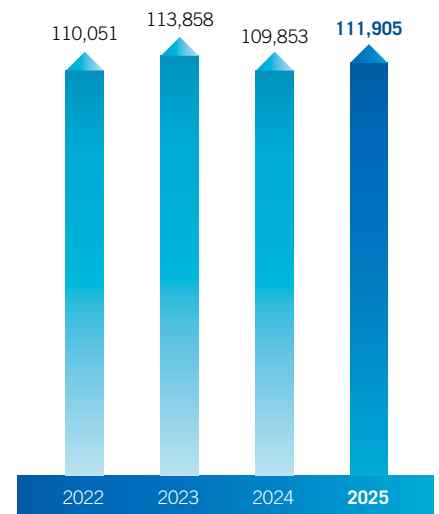
Total Natural Gas Sales Volume

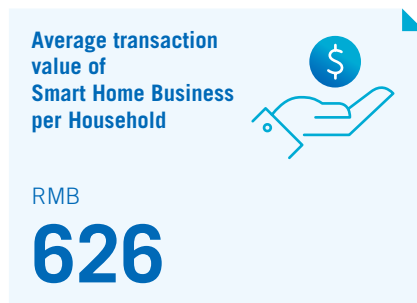
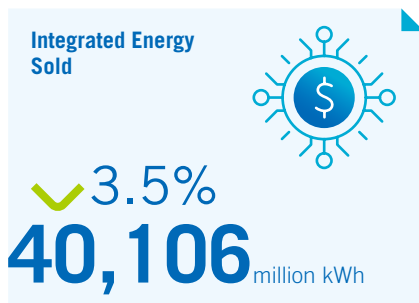
(million m³)



Total Revenue

(RMB million)



MANAGEMENT DISCUSSION
AND ANALYSIS

long-term resources, and strengthened the contracted volume base from them. Meanwhile, the Group enhanced its dynamic resource allocation capabilities by securing supplies through market-based procurement and peak-shaving optimisation. By combining hedging strategies with physical operations, the Group effectively mitigated price volatility, and enhanced the profit stability of the natural gas business.

On the infrastructure operations front, the Group deepened the use of intelligent applications, accumulated industry best practices and upgraded its operating models. During the year, we accelerated the automation of our stations to achieve unmanned and less-manned operations, piloted intelligent pipeline inspection, and promoted the transformation of maintenance from traditional scheduled maintenance to predictive maintenance. Meanwhile, leveraging intelligent metering models, we further strengthened gas leak detection and loss control, achieving a steady improvement in operational capabilities.

In 2025, revenue and gross profit from the retail gas business declined by 0.8% and 1.6% year-on-year to RMB60,248 million and RMB6,127 million, respectively. The wholesale of gas volume lifted revenue by 20.7% to RMB30,350 million. Nevertheless, its gross margin was under pressure due to price volatility, reaching RMB51 million, representing a year-on-year

decrease of 45.7%. Revenue and gross profit from construction and installation business, weighed down by the real estate downturn, decreased 17.9% and 12.3% year-on-year to RMB3,360 million and RMB1,662 million, respectively.

Integrated Energy Business: Implementing the “Load-Source-Grid-Storage-Carbon” Model, Optimising Business Structure

In 2025, the reform of the electric power system advanced at an accelerated pace across the board. With the intensive introduction of policies, including the “Guiding Opinions on Improving the National Unified Electricity Market System”, the “Circular on Orderly Promoting the Direct Connection of Green Power”, and relevant policies on the integration of source-grid-load-storage, the development of a national unified electricity market system has been accelerated. New energy participates in market-based transactions in an all-round way, while the development of zero-carbon parks and the integration of source-grid-load-storage have also received strong support.

Leveraging the Group’s existing base of 316,000 C/I customers and its extensive customer-access network, the Group has gained in-depth insights into diverse customer energy needs and innovated its business models to expand its customer base. For industrial customers, the Group adhered to the “Technologies + Energy and Carbon + Intelligence”

development approach, focusing on typical application scenarios including textile finishing and food drying, and building replicable business expansion models. For construction customers, the Group addressed their core needs for comfort, green energy use and efficiency, and promoted integrated solutions featuring efficient facility retrofits and intelligent control, covering projects in hotels, schools, and mixed-use complexes. For industrial park customers, focusing on the requirements of green and low-carbon development, the Group integrated high-quality resources to provide integrated energy supply solutions, secured seven new industrial park projects during the year. In 2025, the Group fully implemented the “Load-Source-Grid-Storage-Carbon” integrated development model. While expanding customer base, the Group continued to strengthen supply-side construction, enhanced operational efficiency on the network side, and accelerated deployment of energy storage facilities. During the year, newly added projects contributed a total of 980 MW of installed capacity, including 630 MW of newly grid-connected photovoltaic capacity, increased by 167% year-on-year, and 144 MWh of newly grid-connected energy storage capacity, increased by 80% year-on-year. By the end of 2025, total installed capacity reached 14.3 GW.

Affected by macroeconomic environment and business mix, integrated energy sales reached 40,106 million kWh, decreased by 3.5% year-on-year. Coupled with factors such as lower energy prices and optimised customer settlement models, revenue from the integrated energy business amounted to RMB13,276 million, down 13.1% year-on-year. Leveraging its accumulated intelligent capabilities and advancing quality and efficiency initiatives, including systematic energy-saving retrofits, precision metering, and pipeline loss management, the Group continued to unlock operational value. As a result, profitability of the integrated energy business rose steadily in 2025, with gross profit reaching RMB2,338 million, up 5.3% year-on-year, and gross margin improving from 14.5% to 17.6%.

Smart Home Business: Achieving Stable Growth of Business through Intelligent and Innovative Services

In 2025, quality living has become a driving force for household consumption. National policies promoting home appliance replacement and the renovation of old communities bolstered domestic demand. Green and smart consumption, together with the silver economy, flourished, driving upgrades in home appliance, elderly-friendly renovations, and improvements in household energy solutions. Leveraging a customer base of 32.76 million households,

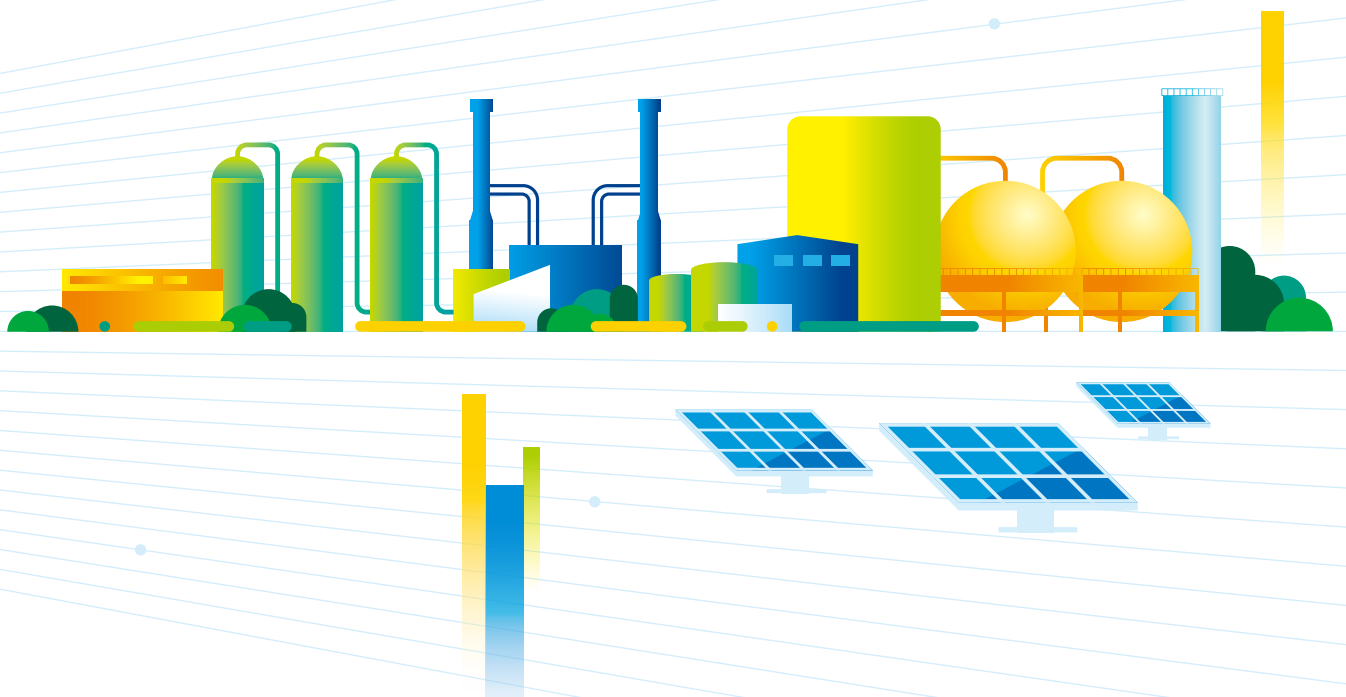
the Company focused on quality living needs, established a diversified product and service system, and deeply tapped into long-term household value. The comprehensive customer penetration rate reached 22.8%, with average transaction value rising to RMB626 per household.

In terms of core products and services, and underpinned by the essential living needs of residential customers, the Group had established a foundational product portfolio centred on kitchen appliances, heating solutions, home security and aesthetic home improvements. In 2025, we strengthened our service capabilities by introducing service models such as “365-day replacement guarantee” and “4-hour service response”. As a result, the Group achieved a 63.9% year-on-year increase in sales of its self-owned brand, Grattle. Leveraging AI technology, we upgraded our kitchen renovation services, serving 110,000 households, representing a year-on-year increase of 34.1%. By exploring the heating needs of residents in the Changjiang River region and enriching our integrated home heating solutions, provided heating services to 130,000 households. The Group had continuously upgraded its core product and service systems, steadily enhanced market penetration, and fostered the sustainable development of its smart home business.

In terms of intelligent products and services, the Company focused on the safety and convenience needs of residential customers, deepened intelligent applications, enriched its product portfolio, and implemented key measures to drive contract signings and ensure delivery. During the year, the total contract value of intelligent products reached RMB1,430 million, representing a year-on-year increase of 73.6%. Sales of AI safety valves reached 320,000 units, up 103.8% year-on-year. Following the adoption and application of intelligent products, the long-term value of intelligent services has become increasingly evident.

In terms of model innovation, the Company focused on enhancing household safety and service experience, launching the innovative “Home Safety Pass” business model. Through Home Safety Pass inspections, new customer connections were established, serving as a platform for household demand insights and gradually forming the foundation of household intelligence. Business scenarios expanded from intelligent gas usage to safety and catering, driving the continuous upgrading and sustainable development of the smart home business.

In 2025, the smart home business achieved revenue and gross profit of RMB4,671 million and RMB3,114 million, respectively, representing year-on-year increases of 1.7% and 4.8%.



MANAGEMENT DISCUSSION AND ANALYSIS

SUSTAINABLE DEVELOPMENT

Safety as the Foundation: Strengthening Essential Safety, Securing the Operational Baseline

In 2025, as national, local, and gas industry authorities continued to strengthen safety oversight and urban gas safety governance, safety standards and regulatory requirements were comprehensively upgraded. In response to these heightened expectations, the Group has comprehensively upgraded its safety management philosophy to “Understand Safety, Identify Risks, Eliminate Hazards, and Form a Closed-loop Management”. Supported by digital and intelligence technologies, we will continue to iterate and improve the intelligent digital safety management system covering all business scenarios.

In risk identification, the Group embedded capabilities into business scenarios, continuously optimised intelligent algorithms and models, and integrated professional expertise, achieving intelligent detection of more than 40 types of hazards. In hazard mitigation, company-wide inspections were conducted to dynamically address risks including gas leaks, aging hoses and stoves lacking flame failure protection. In emergency response, the Group developed intelligent emergency support solutions, integrating digital enablement with enhanced personnel capabilities to significantly improve emergency response efficiency, with no major safety incidents recorded during the year.

Meanwhile, the Group actively participated in the development of industry standards such as “Safety Technical Standards for Gas Facility Operation, Maintenance and Emergency Repair” and “Cloud-based Scanning Combustible Gas Detection Devices”, leading the enhancement of industry safety standards and steadily improving intrinsic safety levels.

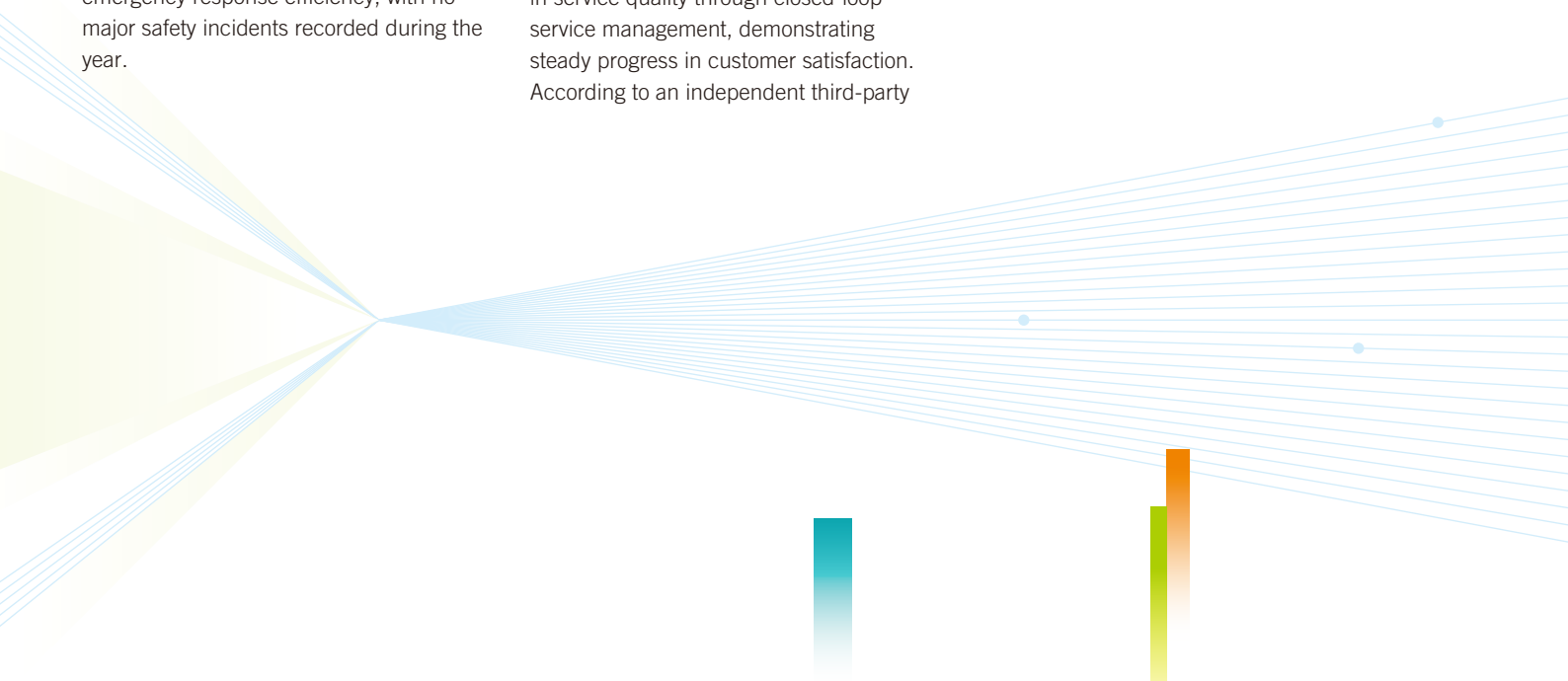
Customer-Centric: Intelligent and Efficient Services to Enhance Customer Satisfaction

In 2025, leveraging precise user profiles of 32.76 million residential customers and 316,000 C/I customers, the Group gained in-depth insights into consumption habits and preferences. Centred on customers’ full lifecycle needs, it systematically built and iterated an “Intelligent Service Matrix”. Innovative service models such as credit-based gas usage and streamlined payment were widely adopted, while intelligent tools such as voice interaction and “Smart Companion” were deployed to enhance service response efficiency and issue resolution rates. Meanwhile, we optimised our service footprint by upgrading traditional service centres to customer experience hubs, offering one-stop access to gas services and quality products to fully meet customer experience expectations and elevate overall service standards. In 2025, supported by an omni-channel customer feedback integration mechanism, the Group achieved tangible improvements in service quality through closed-loop service management, demonstrating steady progress in customer satisfaction. According to an independent third-party

survey, the Group’s customer satisfaction score reached 94.04 in 2025.

Intelligent Applications: In-depth Digital and Intelligent Transformation Empowers Full-scenario Applications

In 2025, the Group continued to advance the integration of digital and intelligent technologies into core business scenarios, building a comprehensive intelligent application matrix across five key business scenarios to provide solid support for industrial upgrading. In sales and business opportunity development, the Group leveraged an intelligent business opportunity system to effectively distribute qualified leads to customer development personnel, driving strong market expansion. In customer service, empowered by an intelligent interaction system, the Group achieved precise traffic diversion and automated responses, which effectively reduced operating costs while steadily improving customer satisfaction. In safety operations, the Group deployed an intelligent risk map and multimodal recognition technologies to enable automated site inspections and precise hazard interception, establishing a robust production safety defence line. A series of such practices further strengthened the Group’s strategic direction of “leveraging intelligent innovation services to become a multi-value service provider anchored in natural gas operations”.



ESG Enhancement: Digital Intelligence Driving Green Sustainable Development

In 2025, the Group attained milestone breakthroughs in sustainability development. Its MSCI ESG rating was upgraded from “AA” to “AAA”, the highest global level. Meanwhile, in the S&P Global Corporate Sustainability Assessment (CSA), the Group ranked among the top 8% of global peers and took first place in the Asia-Pacific region, earning its inclusion in the *S&P Global Sustainability Yearbook 2026 (Global Edition)*. The Group’s Sustainability risk rating has been improved to “Low Risk”, placing it among the global top five and making it the only enterprise in the Asia-Pacific region within the industry to achieve this “Low Risk” assessment.

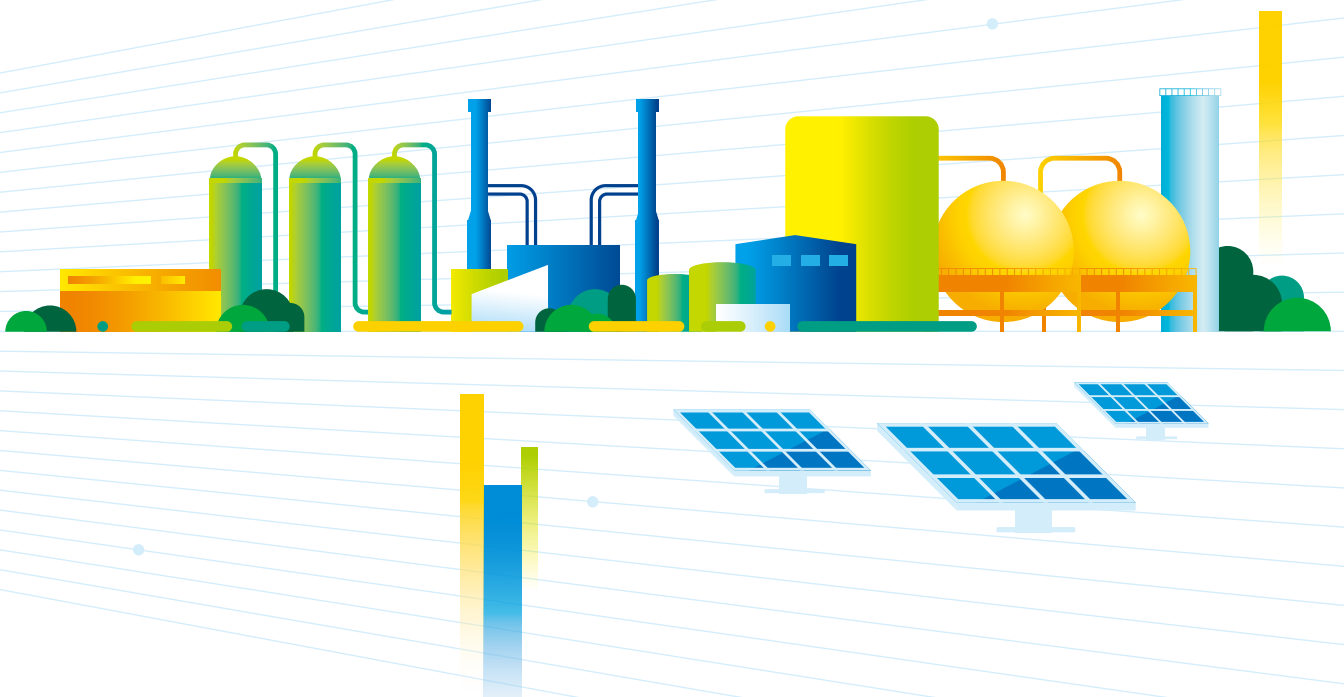
While achieving an overall upgrade in credit ratings, the Group also made breakthroughs in green finance and other sectors. During the reporting period, we not only maintained the highest “Dark Green” certification for our green finance framework, but also successfully issued a carbon-neutral green asset-backed scheme. Through standardised and transparent management system, the Group has effectively promoted the optimisation of the energy structure and low-carbon transformation of the industry, achieving synergy and win-win results between environmental benefits and commercial value.

OUTLOOK

Looking ahead to 2026, amid slowing global economic growth and ongoing geopolitical uncertainties, the Company will continue to closely monitor macroeconomic developments, further strengthen its risk management frameworks, and proactively navigate market volatility through prudent operational strategies and agile adaptability. Meanwhile, 2026 marks the start of China’s “15th Five-Year Plan” period, providing strong policy momentum for high quality development. Equipment renewal programmes, infrastructure upgrades, and reforms in the energy and carbon markets will bring strategic opportunities for energy supply and the application of intelligent technologies. Coupled with sustained pro-consumption policies, the shift of household demand towards diversification and quality upgrading has injected new impetus into the Group’s business growth.

Against this backdrop of both opportunities and challenges, the Group will leverage its solid customer base of 32.76 million residential customers and 316,000 C/I customers. Remaining demand-driven and digital-intelligence-led, we will unswervingly advance strategic upgrades and develop the three core businesses of natural gas, integrated energy and smart home to satisfy customers’ differentiated needs. In respect of the natural gas business, we will uphold the strategy of “Scale-driven Profitability” and focus on the diversified

needs of large group customers, industrial energy-saving retrofits, as well as small and medium C/I customers. We have also optimised resource portfolio and reduced procurement costs. Through intelligent applications, we have achieved precise matching of natural gas supply and demand, continuously expanded our customer base, and consolidated the foundation of our natural gas business. For the integrated energy business, we will seize the opportunities arising from power market reforms, implement the “Load-Source-Grid-Storage-Carbon” integrated model to accelerate the development of the power business, and continuously optimise the structure of our integrated energy business. In relation to the smart home business, based on the e-City e-Home platform, we will keep refining our household demand recognition models and expanding from gas usage scenarios to food services, elderly-friendly solutions and other areas. Through platform-led targeted supply from internal and external ecosystems, we will better meet families’ demand for quality living with smart solutions, thereby upgrading our smart home business. Building on this foundation, the Group will continue to strengthen business resilience, accelerate the deployment of intelligent applications, and nimbly seize opportunities amid market changes, while relentlessly striving to deliver sustainable growth and enhance shareholder value!



FINANCIAL REVIEW

FINANCIAL PERFORMANCE

In 2025, the Group continued to focus on its strategy of “leveraging intelligent innovation services to become a multi-value service provider anchored in natural gas operations”. The Group’s total revenue reached RMB111,905 million (2024: RMB109,853 million), representing a year-on-year increase of 1.9%, primarily driven by the expansion in wholesale of gas volume. Gross profit amounted to RMB13,292 million (2024: RMB13,405 million), with a gross profit margin of 11.9% (2024: 12.2%), reflecting a stable overall trend.

During the year, the Group maintained effective cost control, with selling and administrative expenses reduced to 4.6%

of revenue (2024: 4.7%). Benefiting from lower average bank lending rates and an optimised loan structure, net interest expenses declined by 5.8% year-on-year, generating cost savings of approximately RMB29 million. In response to the macroeconomic environment, the Group made prudent impairment provisions for the fair value of financial assets and other receivables. Meanwhile, effective management of derivative financial instruments and foreign exchange risks supported resilient financial performance amid market volatility. For the year ended 31 December 2025, the Company’s profit attributable to owners of the Company and basic earnings per share were RMB5,904 million and RMB5.31, respectively, representing year-on-year decreases of

1.4% and 0.7%. Stripping out other gains and losses (excluding net settlement amount realised from commodity derivative financial instruments and net compensation income), and deferred tax related to unrealised gains on commodity derivative financial instruments totaling RMB837 million, core profit recorded a modest year-on-year decrease of 3.0% to RMB6,741 million.

In 2025, the Group adopted prudent financial management and managed its expenditures well to ensure smooth cash flow. For the year ended 31 December 2025, the Group’s operating cash inflow was RMB10,433 million, representing a year-on-year increase of 1.4%, demonstrating solid operational resilience.

FINANCIAL RESOURCES REVIEW

As at 31 December 2025, an analysis of the Group’s cash, current and non-current debts is as follows:

	2025 RMB million	2024 RMB million	Increased/ (Decreased) by RMB million
Bank balances and cash (excluding restricted bank deposits)	8,064	7,693	371
Long-term debts (including bonds)	10,356	13,068	(2,712)
Short-term debts	8,785	6,464	2,321
Total debts	19,141	19,532	(391)
Net debts¹	11,077	11,839	(762)
Total equity	54,075	51,076	2,999
Net gearing ratio²	20.5%	23.2%	(2.7 ppt)
Net current liabilities	12,939	10,318	2,621

Working Capital Management

During the year, the Group adopted a prudent financial strategy, flexibly adjusting the pace of expenditures in accordance with the status of financial resources, thereby ensuring stable cash flow and effective utilisation of funds. As at 31 December 2025, its receivables, payables and inventory turnover days strictly to within its healthy range, which were 13 days, 21 days and 6 days respectively, similar to last year.

¹ Net debts = Total debts - Bank balances and cash (excluding restricted bank deposits)

² Net gearing ratio = Net debts / Total equity x 100%

Borrowings Structure and Management of Foreign Exchange Risk for US Dollar Debts

As at 31 December 2025, the Group's total debts amounted to RMB19,141 million, representing a decrease of RMB391 million compared to the total debts as of 31 December 2024. Primarily due to the utilisation of surplus funds during the year to repay part of the loans, thereby further reducing the Group's financing costs. The Group's net gearing ratio reduced by 2.7 ppt to 20.5% (2024: 23.2%), reflecting a stronger financial position. The overall debt structure remained highly robust. Around 73.7% of the Group's total debts have a fixed interest rate.

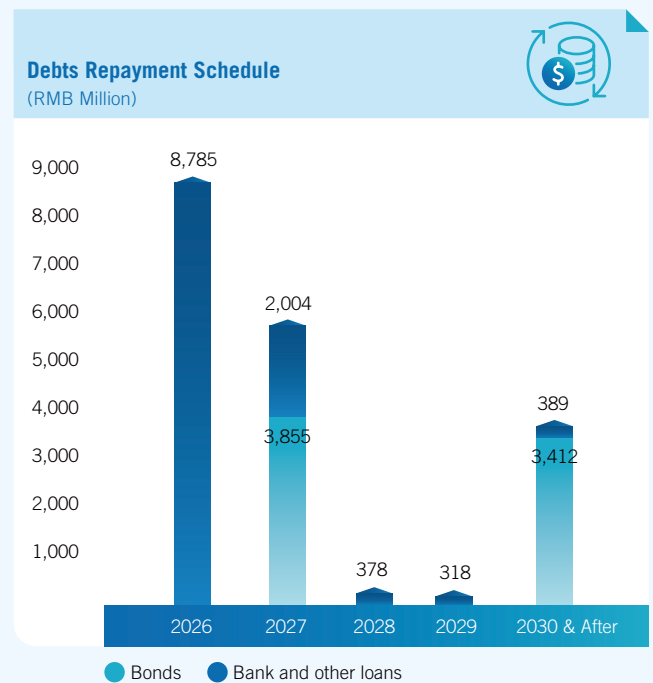
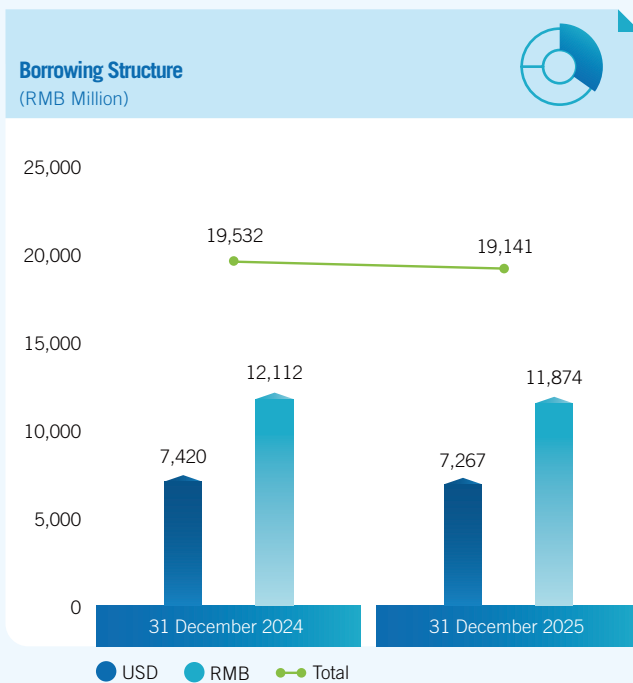
As at 31 December 2025, the principal amount of the Group's foreign currency borrowings amounted to USD1,039 million, unchanged from last year, primarily

comprising long-term US Dollar bonds. This was equivalent to approximately RMB7,267 million (2024: RMB7,420 million), representing approximately 38.0% of total borrowings (2024: 38.0%). The Group continuously monitors exchange rate fluctuations and moderately reduced its hedging scale to USD400 million during the year (2024: USD820 million), with the hedge ratio at 38.5% (2024: 78.9%). The Group will flexibly optimise its hedging strategies in accordance with market conditions to effectively manage the impact of foreign exchange risks on the Company's results.

Net Current Liabilities

The Group's current liabilities mainly include a large amount of receipts in advance of gas fee, and construction and installation contracts. These funds are

stable and will normally not be returned, therefore the Group has invested the funds in development of new projects and maintained a reasonable cash level, resulting in net current liabilities amounting to approximately RMB12,939 million as at 31 December 2025. As the Group has stable operating cash flow, high quality current assets and good credit ratings, plus sufficient cash on hand and unutilised banking facilities, the Group is able to meet its working capital requirements and future capital expenditure.



FINANCIAL REVIEW

Commodity Price and Foreign Exchange Risk Management

The Group's regular operations include two international long-term LNG sale and purchase agreements and certain domestic long-term natural gas procurement contracts. The pricing of these agreements are mainly linked to international crude oil or natural gas price indices, and fluctuations in these indices may bring risk exposure to the Group. Therefore, the Group has well-established risk management policies and commodity hedging mechanisms by hedging a reasonable proportion of planned annual sales and purchases of LNG, to stabilise its international LNG procurement costs and reduce commodity price risks, so as to minimise the adverse impact of international energy price fluctuations on the Group's business. As the aforementioned trades also involves foreign exchange risk, the Group has entered into foreign exchange forward contracts with multiple financial institutions to stabilise procurement costs. In 2025, the Group hedged a total amount of USD223 million, with the hedging ratio for trade risk exposure reaching 12%.

Charge on Assets

As at 31 December 2025, the Group pledged certain assets as securities for bank and other loans, bill facilities and contracts granted to the Group in the ordinary course of business, details are set out in Note 49 to the consolidated financial statements.

RATINGS AND CAPITAL MARKET RECOGNITION

During the year, Standard & Poor's, Moody's, and Fitch affirmed the Company's credit ratings at "BBB+", "Baa1", and "BBB+", respectively, all with a "Stable" outlook. This reflects capital markets' confidence in the Group's solid business fundamentals, sound financial position, and resilient operations.

The Group also earned broad market recognition in corporate governance, investor relations, and sustainability. In "EXTEL's Annual Asia Best Executive Team" survey, the Group was named "Most Honored Company" and received multiple team and individual honors, including "Best CEO" and "Best CFO". Building on its strong investor relations efforts, the Group was awarded the "Best IR in Hong Kong Stock Market" award from New Fortune. In ESG, the Group was listed in the "Top 100 ESG Pioneer Listed Companies in China" by China Central Television, ranking 16th overall, and was recognised as an "ESG Pioneer Enterprise" at the 6th Cailian ESG Forum. The Group also received the 2025 Sedex Supply Chain Award – Technology Innovation Award Nomination for its contributions and innovation in supply chain environmental and social responsibility. Additionally, in its first participation in the Hong Kong Management Association's Best Annual Report Awards, the Group won the "Best New Entry" award.

These accolades underscore the recognition by capital markets and society of the Group's overall management capabilities, sustainability practices, and high-quality information disclosure.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group has 33,742 employees. More than 99% of the Group's employees work in China. The Group determines remuneration based on individual performance, job nature and responsibilities involved. The Group provides on-the-job training as well as optimal benefits packages for employees, including medical insurance, retirement plans, year-end bonuses and other incentives. The Group participates in government pension schemes for its employees in Mainland China and in a mandatory provident fund scheme for its employees in Hong Kong. Particulars of retirement benefits are set out in Note 44 to the Consolidated Financial Statements. Details of the remuneration of the employees (including directors) are set out in Note 11 to the Consolidated Financial Statements and the Corporate Governance Report on pages 48 of this Annual Report. The Group also encourages employees to maintain a regular routine, and achieve a balance between work and life.

MATERIAL EVENTS AFTER THE REPORTING DATE AND CONTINGENT LIABILITIES

As disclosed in the joint announcement (the “Joint Announcement”) dated 26 March 2025 made by ENN Natural Gas Co., Ltd. (“ENN-NG”, the controlling shareholder of the Company), Xinneng (Hong Kong) Energy Investment Limited (the “Offeror”, and a wholly-owned subsidiary of ENN-NG) and the Company, on 18 March 2025, the Offeror has requested the Board to, subject to the satisfaction of certain pre-conditions, put forward the proposal (the “Proposal”) to the registered holders of all the Shares in issue (other than those held pursuant to the offer) (the “Scheme Shares”, and such holders, the “Scheme Shareholders”) for the privatisation of the Company by way of a scheme of arrangement (the “Scheme”) under section 86 of the Companies Act (2025 Revision) of the Cayman Islands. Upon satisfaction of the aforesaid pre-conditions and the making of the relevant Proposal, and subject to certain conditions being fulfilled or, where applicable, waived, and upon the Scheme becoming effective, all Scheme Shares will be cancelled. The Scheme Shareholders will then be entitled to receive 2.9427 newly issued H shares of ENN-NG and a cash consideration of HK\$24.50 from the Offeror for each cancelled Scheme Share. Following scheme becoming effective, the listing of the Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) will be withdrawn.

Since the publication of the Joint Announcement, ENN-NG and the Offeror have taken steps to satisfy the pre-conditions. Pursuant to the relevant announcements issued on 17 April, 28 May, 22 August, 22 December and 28 December 2025, and 28 January 2026, the transaction has made substantive progress with certain pre-conditions fulfilled. However, as at the date of this announcement, two pre-conditions remain outstanding: (i) obtaining the approval in principle from the Listing Committee of the Stock Exchange for the introduction of ENN-NG’s H shares listing, and such approval has not subsequently been revoked; and (ii) obtaining or completing, as applicable, the approvals or filings required for the listing from the China Securities Regulatory Commission and other relevant authorities.

Please refer to the Joint Announcement for the detailed terms and conditions and the reasons and benefits of the Proposal, and the announcements made by ENN-NG, the Offeror and/or the Company from time to time on the websites of the Stock Exchange and the Company for the progress of the Proposal. Subject to the satisfaction of the pre-conditions to the Proposal, a scheme document setting out (amongst others) further details in relation to the Proposal will also be despatched in due course, and Shareholders are also advised to carefully read the scheme document when published.

Save disclosed above, there were no material events which casted material impact on the Group since the end of the reporting period, and the Group has no material contingent liabilities as at 31 December 2025.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors



Mr. WANG Yusuo – Chairman of the Board **N** (Chairman)

Aged 62 + Founder of the Group + Appointed on 4 December 2000* + Controlling shareholder + Father of Mr. Wang Zizheng

Expertise

Mr. Wang is a founder of the Group. He has over 40 years of experience in investment and the management of the energy business in the PRC. He has solid knowledge of business management and strategy, and corporate governance, and has a profound understanding and profession insights on the trend, digitalisation and sustainable development of energy industry.

Mr. WANG Yusuo

Titles, Qualifications and Education

Doctor of Philosophy in Management, Tianjin University of Finance and Economics

Other Major Offices

Director of ENN Natural Gas Co., Ltd.# (stock code: 600803.SH), the controlling shareholder of the Company

Past Experience

Mr. Wang is the Chairman of the Board. He is responsible for overseeing the overall strategic planning of the Group, leading the Board and supervising the functioning of the Board, establishing good corporate governance practices and procedures. He previously served as the chairman of ENN Natural Gas Co., Ltd.# (stock code: 600803.SH), the controlling shareholder of the Company.



Mr. ZHANG Yuying – **R** (Chairman) **E**

Aged 53 + Appointed on 12 December 2023* + Chief Executive Officer (CEO)

Expertise

Mr. Zhang has in-depth involvement in city-gas business sector for many years and has accumulated extensive experience in strategic planning, market development, safety operations, safety intelligence, and the development of intelligent products and platforms for basic IoT infrastructure (pipeline networks).

Mr. ZHANG Yuying

Titles, Qualifications and Education

Executive Master's Degree in Business Administration, Renmin University of China

Other Major Offices

Director and president of ENN Natural Gas Co., Ltd.# (stock code: 600803.SH), the controlling shareholder of the Company

Past Experience

Mr. Zhang is the Chief Executive Officer. He is responsible for promoting and implementing the strategies and plans established by the Board, monitoring and correcting the implementation of strategies, as well as ensuring the acquisition of key resources and capabilities of the Group. Prior to joining the Group in 2003, he worked in Kaifeng Electromechanical Group and Henan Tongli Electrical Appliances Group. After joining the Group in 2003, he held various important positions in business planning and strategic performance management of the Group. Mr. Zhang previously served as an Executive Director and President of the Company from December 2019 to December 2021, responsible for the day-to-day operational management of the Group's businesses, strategic execution reviews and adjustments, as well as achieving business objectives. Following a job reassignment, he assumed the position of a Non-executive Director of the Company from December 2021 to January 2023. He previously served as the chairman of ENC Digital Technology Co., Ltd.# (stock code: 603869.SH), an affiliate of the Company.



Mr. GONG Luojian – R E

Aged 54 + Appointed on 25 February 2025 + President

Expertise

Mr. Gong has accumulated over 17 years of extensive experience in energy enterprise operations and market expansion. In his previous roles, he demonstrated exceptional leadership, strategic vision, and execution capabilities. His innovative thinking, customer orientation, and strategic perspective are of significant importance for the Company's future development and market competitiveness.

Mr. GONG Luojian

Titles, Qualifications and Education

Master of Business Administration, Nankai University
Executive Master of Business Administration, Guanghua School of Management, Peking University

Past Experience

Prior to joining the Group, Mr. Gong took senior positions at Jiangsu Taizhou Chunlan E-business Co., Ltd and Jiangsu Chunlan Automobile Co., Ltd, where he was responsible for the promotional and marketing affairs. After joining the Group in 2007, he served various managerial positions, including marketing director and general manager of member companies. Due to his outstanding performance, he was subsequently promoted to regional general manager, overseeing business operations in the Yuwan and Jiangsu regions. From January 2024 to February 2025, he served as the Senior Vice President of the Company, continuing to be responsible for the Jiangsu region's business while also overseeing the overall development and customer service of the Group's smart home business. Mr. Gong is currently mainly responsible for ensuring the implementation and operation of the strategies for the Group's three core businesses, as well as achieving the development goals of the Group.



Mr. WANG Dongzhi – R E

Aged 57 + Appointed on 25 March 2011* + Chief Financial Officer

Expertise

Mr. Wang has rich experience in energy industry. He has extensive knowledge on business management and strategy, capital market, corporate governance, internal control, risk management and sustainable development.

Mr. WANG Dongzhi

Titles, Qualifications and Education

Bachelor's Degree in Engineering Management, Beijing Chemical University
Bachelor's Degree in Economics, Hebei University of Economics and Business
Master's Degree in Business Management, Tianjin University
EMBA, China Europe International Business School (CEIBS)
Chinese Certified Public Accountant Qualification

Past Experience

Prior to joining the Group in 2000, Mr. Wang was in charge of the finance department in a Sino-foreign joint venture company. He has extensive experience in finance and financial management. After joining the Group, he has been dedicated to continuously driving the implementation of the Company's compliance initiatives, enhancing the Group's financial management capabilities, formulating financial policies and strategies, and ensuring the effective execution and oversight of internal control measures. He previously served as the chief financial officer of ENN Natural Gas Co., Ltd.# (stock code: 600803.SH), the controlling shareholder of the Company and independent director of Abterra Ltd.▲.

DIRECTORS AND SENIOR MANAGEMENT



Ms. ZHANG Jin – **N**

Aged 52 + Appointed on 25 August 2023

Expertise

Ms. Zhang has rich experience in corporate governance, human resources management and sustainable development. She has extensive knowledge on concepts and management methods such as talent retention and motivation, performance remuneration, and capability improvement.

Ms. ZHANG Jin

Titles, Qualifications and Education

Bachelor's Degree in Economics, Renmin University of China
Master's Degree in Management, Renmin University of China

Other Major Offices

Director of ENN Natural Gas Co., Ltd.# (stock code: 600803.SH), the controlling shareholder of the Company
Director of ENC Digital Technology Co., Ltd.# (stock code: 603869.SH), an affiliate of the Company

Past Experience

Prior to joining the Group in 2016, Ms. Zhang served as the chief administrative officer of Shanda Games Limited, the senior vice president of Shanda Network Co., Ltd, the vice president of Human Resources of Shanda Group and the vice president of Human Resources of Lenovo Group. After joining the Group, she is currently mainly responsible for the succession planning of the directors and senior management within the Group, upgrading the operational rules of the Group, driving the enhancement of critical capabilities, and promoting the construction of intelligent products that inspire talent.



Ms. SU Li – **R E**

Aged 53 + Appointed on 25 February 2025

Expertise

Ms. Su possesses extensive experience in energy enterprise operations and market expansion. With her keen insights into customer needs and exceptional market analysis abilities, she can accurately grasp industry trends and identifies market opportunities.

Ms. SU Li

Titles, Qualifications and Education

Executive Master of Business Administration, Shanghai Jiao Tong University in China

Other Major Offices

Executive vice president of ENN Natural Gas Co., Ltd.# (stock code: 600803.SH), the controlling shareholder of the Company

Past Experience

Ms. Su joined the Group in 2002 and has served general manager positions at various member companies. Due to her outstanding performance, she was subsequently promoted to regional general manager, actively implementing the Group's development goals over the years. Ms. Su served as the Senior Vice President of the Company from February 2018 to February 2025, overseeing marketing and sales, industrial park, and business development for the Zhejiang and Shanghai provincial companies. Ms. Su is currently mainly responsible for the efficient coordination and operation of the full-scenario natural gas business, as well as regulating the natural gas business. Ms. Su previously served as the director of Huzhou Gas Co., Ltd.# (stock code: 6661.HK), an associate of the Company.

Non-executive Director

Mr. WANG Zizheng –  (Chairman) Aged 37 + Appointed on 24 March 2014* + Son of Mr. Wang Yusuo

Expertise

Mr. Wang has extensive experience in investment, M&A, risk management and operation management of overseas LNG refuelling stations. He also possesses extensive ESG knowledge.

Titles, Qualifications and Education

Bachelor's Degree in Urban Planning,
Tongji University

Other Major Offices

Director of ENN Natural Gas Co., Ltd.#
(stock code: 600803.SH), the controlling
shareholder of the Company

Past Experience

Prior to joining the Group in 2014, he was a founder of a platform software developer. After joining the Group, he served as a non-executive director, and then the Executive Chairman of the Company from May 2018 to March 2020, responsible for assisting the Chairman and Vice Chairman of the Board in overseeing the Group's overall strategic planning and functioning at the time of the Board. He is currently a non-executive director of the Company. He has been serving as the chairman of the Company's ESG Committee since April 2022, responsible for reviewing and monitoring the Company's ESG policies and practices.

Independent Non-executive Directors

Mr. MA Zhixiang –    (Chairman)   Aged 73 + Appointed on 24 March 2014

Expertise

Mr. Ma has over 40 years of extensive experience in corporate management practices and experience in the petroleum and natural gas industry, and possesses extensive knowledge of business strategy, corporate governance, risk management and human resource management. He has unique point of views on the historical evolution, development pain points and prospects of China's energy industry.

Titles, Qualifications and Education

Bachelor's Degree in Storage and
Transportation, School of Mechanics of
University of Petroleum (East China)
Doctor of Philosophy in Engineering,
Southwest Petroleum University
PRC Senior Engineer

Past Experience

Mr. Ma had held senior management positions in China Petroleum Pipeline Bureau and PetroChina Company Limited and had resigned from these positions in March 2012.

Mr. YUEN Po Kwong –     Aged 56 + Appointed on 24 March 2014

Expertise

Mr. Yuen is a lawyer specialising in dispute resolution and contentious regulatory compliance. He has extensive experience in risk management, regulatory and corporate compliance.

Titles, Qualifications and Education

Master's Degree in Chemistry, Oxford
University in England
Master's Degree in Synthetic Organic
Chemistry, Cornell University
Diploma in Law (with Distinction) and
Diploma in Legal Studies, College of
Law in Guildford, England
Member of the Law Society of Hong Kong

Other Major Office

A partner of a major law firm and managing partner of its Hong Kong office, specialising in dispute resolution and contentious regulatory compliance.

Past Experience

Before studying law in England, Mr. Yuen was a teaching fellow at Cornell University. Prior to joining his present law firm to establish its Hong Kong office in 2012, he was formerly a partner of a renowned British "Magic Circle Firms", specialising in resolving China related disputes.

DIRECTORS AND SENIOR MANAGEMENT

Mr. LAW Yee Kwan, Quinn – **A** **N** **\$** **R** Aged 73 + Appointed on 30 May 2014

Expertise

Mr. Law has extensive experience in accounting and finance, business strategy, corporate governance, internal control and risk management, human resources management and sustainable development.

Titles, Qualifications and Education

Justice of the Peace (JP)
 Honorary fellow of Hong Kong University of Science and Technology (“HKUST”)
 Fellow member of The Hong Kong Institute of Certified Public Accountants (“HKICPA”)
 Fellow member of the Association of Chartered Certified Accountants in the United Kingdom
 Member of The Chartered Governance Institute in the United Kingdom
 Member of The Hong Kong Chartered Governance Institute

Other Major Office

Independent non-executive director of BOC Hong Kong (Holdings) Limited[#] (stock code: 2388.HK)

Past Experience

Mr. Law began his professional career at an international accounting firm and thereafter had held senior management positions with diverse corporate and operational responsibilities both in the private and public sector. He held directorship in several listed companies both in Hong Kong and overseas in the past. He previously served as an independent non-executive director of HKBN Limited[#] (stock code: 1310.HK).

Public Service

Honorary court member of HKUST and a governing board member of HKUST (Guangzhou)
 Consultant of Hong Kong Institute of Business Accountants

Ms. WONG Lai, Sarah – **A** (Chairperson) **N** **\$** **R** Aged 47 + Appointed on 25 August 2023

Expertise

Ms. Wong has more than 20 years of experience in corporate finance, capital markets, and major initial public offerings, mergers and acquisitions, and placement projects.

Titles, Qualifications and Education

Honours Bachelor’s Degree in accounting, London Metropolitan University
 Fellow member of the Association of Chartered Certified Accountants in the United Kingdom
 Licensed Responsible Officer for Type 4 (Advising on Securities) and Type 6 (Advising on Corporate Finance) regulated activities under the Securities and Futures Ordinance

Past Experience

Ms. Wong previously served as the deputy head of the Investment Banking Division and head of Coverage and Financial Sponsors of the group of Guotai Junan International Holdings Limited[#] (stock code: 1788.HK) in Hong Kong, head of Financial Sponsor team under Global Coverage Department of BOC International, senior vice president of Fixed Income Division of the Greater China Region of DBS Bank Limited, director of Debt Capital Markets Department of BOC International and senior auditor at PricewaterhouseCoopers. In addition to her professional achievements, Ms. Wong also serves as a member of the executive committee of the Child Development Centre and is actively involved in supporting children in need.

Other Major Offices

Managing Director of a financial institution
 Independent non-executive director of CIMC Enric Holdings Limited[#] (stock code: 3899.HK)
 Member of the Listing Review Committee of the Stock Exchange

Senior Management

Mr. CHENG Lu

Executive Vice President, Aged 45

Titles, Qualifications and Education

PhD in Electrical Engineering, Huazhong University of Science and Technology
Senior Chief Mechanical and Electrical Engineer

Major Responsibilities Held with the Group and Past Experience

Mr. Cheng is the Executive Vice President of the Company and is responsible for the integrated energy business. Prior to joining the Group in 2018, he served as chief engineer and expert researcher of the Energy Strategy and Planning Institute of State Grid Energy Research Institute, and deputy director of the chairman's office of ENN Group Co., Ltd., the affiliates of the Company. After joining the Group, he served as General Manager of Langfang gas and Shijiazhuang gas, and later focused on the transformation of integrated energy business. He has extensive experience in the transformation of integrated energy.

Mr. ZHANG Jinyu

Executive Vice President, Aged 51

Titles, Qualifications and Education

Bachelor's degree in Urban Gas Engineering, Chongqing University
PRC Senior Engineer

Major Responsibilities Held with the Group and Past Experience

Mr. Zhang is the Executive Vice President of the Company. He is currently responsible for the operation of the natural gas pipeline network. He is also an engineer. After joining the Group in 2000, he held deputy general manager and general manager positions of various subsidiaries. Based on his outstanding business development performance, he was promoted as the regional general manager and has been actively implementing the Group's development goals over the years. He has extensive experience in business operation and market development for energy companies.

Mr. LU Xuesong

Executive Vice President, Aged 46

Titles, Qualifications and Education

Executive Master of Business Administration (EMBA) degree from Peking University

Major Responsibilities Held with the Group and Past Experience

Mr. Lu is the Executive Vice President of the Company. He is currently responsible for the Guangdong region business, including regional strategic planning, operational management, and organizational development. He joined the Group in 2001 and has held key positions since 2017, including general manager of Langfang Gas, general manager of Hebei region, and general manager of Guangdong region, with full responsibility for regional strategic planning, operational management, and organisational development. He has accumulated extensive hands-on experience in the three major business sectors of natural gas, integrated energy, and smart home.

DIRECTORS AND SENIOR MANAGEMENT

Mr. ZONG Bo

Deputy Chief Financial Officer, Aged 42

Titles, Qualifications and Education

Bachelor of Economics and Management from Jiangxi University of Finance and Economics
 Master of Accounting from Tsinghua University
 China Intermediate Accounting Professional Technical Qualification
 China Certified Tax Agent

Major Responsibilities Held with the Group and Past Experience

Mr. Zong is the Deputy Chief Financial Officer of the Company. He is responsible for the daily financial management, internal control, taxation and fund management of the Group and assists the Chief Financial Officer of the Company in improving the efficiency and quality of the overall financial management of the Group. After joining the Group in 2005, he served in various key financial positions and accumulated rich experience. Therefore, he has a deep understanding of the financial system and operation of the Group. Mr. Zong also served as the Chief Financial Officer of ENN Natural Gas Co., Ltd.[#] (stock code: 600803.SH), the controlling shareholder of the Company. Mr. Zong has extensive experience in finance and financial management, as well as corporate operations.

Ms. LIU Min Karen

Chief Investor Relations and ESG Director, Aged 48

Titles, Qualifications and Education

Bachelor of International Economics and Trade, Harbin Institute of Technology
 Master of Finance, University of Reading in the United Kingdom
 EMBA from CEIBS Business School
 Member of the Association of Chartered Certified Accountants in the United Kingdom

Major Responsibilities Held with the Group and Past Experience

Ms. Liu is the Chief Investor Relations and ESG Director of the Company and is responsible for the Group's investor relations and ESG management. After joining the Group in 2013, she served as the Joint Financial Director and Investor Relations Director, focusing on building good investor relations and the Company's ESG development, and actively responding to the needs of the capital market. Ms. Liu has over 20 years of rich experience in financial management, investor relations management, ESG and sustainable development.

Ms. LEUNG Mui Yin

Company Secretary, Aged 43

Titles, Qualifications and Education

Bachelor of Business Administration (Honours) in Accountancy, The Hong Kong Polytechnic University
 Member of The Hong Kong Chartered Governance Institute
 Member of The Chartered Governance Institute in the United Kingdom
 Fellow Member of the HKICPA

Major Responsibilities Held with the Group and Past Experience

Ms. Leung is the Company Secretary of the Company and is responsible for the Company's information disclosure and compliance affairs. After joining the Group in 2011, she had successively held various positions in finance function and as the deputy company secretary of the Company. She has over 15 years of experience in accounting and financial reporting, finance, corporate governance and company secretarial practices.

[#] The securities of these companies are currently listed on the Hong Kong Stock Exchange or overseas stock exchange(s)

[▲] The securities of these companies have currently been delisted from the Hong Kong Stock Exchange or overseas stock exchange(s)

^{*} This shows the time of their most recent appointment as executive/non-executive/independent non-executive director of the Company, rather than the time of their initial appointment or change of role.

A Audit Committee

N Nomination Committee

\$ Remuneration Committee

R Risk Management Committee

E Environmental, Social and Governance Committee

CORPORATE GOVERNANCE REPORT

Corporate governance is the core responsibility of the board of directors of the Company (the “Board”) and the Board firmly believes that good corporate governance helps the Company establish a solid management foundation to respond to and meet the expectations and demands of its stakeholders. The Board places great emphasis on effective board of directors, a prudent risk management and internal control system, and adheres to high transparency and comprehensive disclosure mechanisms. It actively follows up on areas for improvement and promptly implements remedial measures. Concurrently, in the course of its business development, the Group also actively fulfils its environmental and social responsibilities, and deepens a win-win situation with mutual benefits with its ecological partners, creates long-term stable environmental, social and corporate values for its stakeholders, and continuously promotes the sustainable development of the Group.



Directors and Senior Management

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Corporate Governance Report

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Directors' Report

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CORPORATE
GOVERNANCE REPORT

LEADERSHIP

BOARD GOVERNANCE

- Corporate Governance Code
- Model Code
- Onboarding Guideline for directors
- Board's terms of reference
- Articles of association

BOARD COMPOSITION

- Comprise 6 EDs, 1 NED and 4 INEDs currently (as at the reporting date)
- All directors are subject to retirement and re-election at AGM at least once every three years
- Diverse skills, knowledge and experience

CORPORATE STRATEGY

- Set strategy and participate in significant decision-making
- Oversee financial performance and environmental, social and governance management ("ESG") development of the Group

EFFECTIVENESS

EVALUATION

- Board evaluation process via questionnaire covering the Board's effectiveness, and develop measures for improvement

INFORMATION & SUPPORT

- Good information flow between the Board and the management, and industry reports were shared from time to time
- Access to independent professional advice and support from Company Secretary
- Management are invited to attend Board/Committee meetings to present and answer questions to facilitate the decision-making process

DIVERSITY

- Board Diversity Policy
- Diversity of skills and expertise (See page 51)

COMMITMENT

- All directors are committed to devoting sufficient time and attention to the Company's affairs

INDEPENDENCE

- The Chairman of the Board holds meetings with the independent non-executive directors without other executive directors presence

CONTINUOUS PROFESSIONAL DEVELOPMENT

- Directors receive various trainings and development programmes to refresh their skills and knowledge and to keep up to date with current development
- Visit the Company's key projects, and understand the Company's development

THE ROLE OF THE COMPANY SECRETARY

- Review and implement corporate governance practices
- Provide advice and support to directors
- Keep directors updated on latest legislative, regulatory and governance matters

ACCOUNTABILITY

COMMITTEES

- 4 Board committees and 4 responsibility committees have been established
- Board committees and responsibility committees report to the Board

MANAGEMENT PROCESS

- Day-to-day management performed by the management (executive directors and senior management), with reporting to the Board

RISK MANAGEMENT AND INTERNAL CONTROL

- Regularly review and monitor risk management process
- Robust assessment of principal risks and effectiveness of internal controls
- "Risk Management and Internal Controls" (see pages 55 to 63)

FINANCIAL REPORT AND AUDITORS

- "Independent Auditor's Report" (see pages 87 to 89)
- External Auditor's independence and appointment
- Internal Audit function

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)

- Development of a Green Finance Framework
- Decarbonisation Action 2030 publication – The Journey to Net Zero (2024 Edition)
- ESG Committee and ESG Working Group as a robust support

ENGAGEMENT

CONSTRUCTIVE USE OF GENERAL MEETINGS

- Shareholders are encouraged to attend AGM via hybrid meetings
- Committee chairpersons available at AGM to answer questions (in person or via electronic meeting)
- Notice is sent out more than 21 days before each meeting (this exceeds the requirement of Corporate Governance Code)

DIALOGUE WITH SHAREHOLDERS

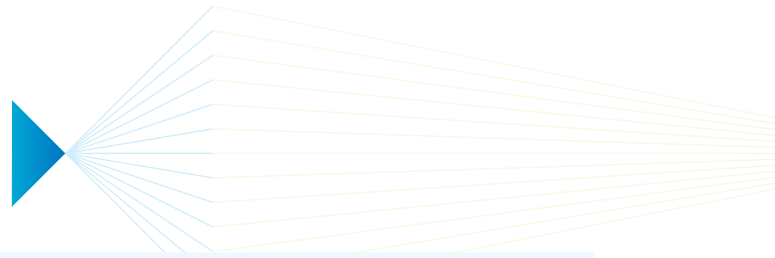
- Enhance shareholder communications by electronic channels
- Organise shareholders' visits to enhance their understanding on the Group's development and other businesses as circumstances permit
- Share promotional videos of key projects with shareholders

COMMUNICATION CHANNELS WITH STAKEHOLDERS

- Physical meetings/teleconferences, webcasts with analysts and media briefings
- Investment community communications including roadshows
- Publication of financial reports, announcements, circulars and press releases
- Company's website

BOARD ACTIVITIES DURING 2025

The key areas of Board activities during the year are as follows:



BUSINESS DEVELOPMENT

- Reviewed the Group's position and all the challenges that the Group will be facing (including the impact brought by the policies), the progress in digitalised transformation and security renovation, as well as the resources and skills the business may require in future
- Discussed business plans and opportunities, as well as long-term directional strategies for the growth of the Group



RISK MANAGEMENT AND INTERNAL CONTROLS

- Reviewed the Group's risk appetite and assessed changes in external and internal risk level, imminent risks and mitigating actions
- Identify significant risks and opportunities, and formulate corresponding strategies
- Reviewed the effectiveness of the Group's risk management and internal control systems



ACCOUNTABILITY

- Filled in the Board evaluation form and gave recommendations to the Board for further improvement
- The Chairman of Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and each Responsibility Committee updated the Board on the proceedings of their meetings held during the year, including key discussion points and any areas of concern
- Reviewed major corporate governance related reports



PEOPLE AND LEADERSHIP

- Reviewed the Board structure, size, composition and diversity, as well as the independence of independent non-executive directors
- Identified individuals who are suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorship
- Reviewed and evaluated the directors' fee of non-executive directors
- Assessed the performance of the executive directors and the senior management, and reviewed their compensation
- Considered the changes of directors and composition of the Board to support the strategic development of the Company



FINANCIAL, OPERATIONAL AND BUSINESS PERFORMANCE

- Reviewed the interim and annual results, approved the interim and annual reports
- Reviewed the ESG performance and approved the ESG annual report
- Reviewed and approved the material funding and repurchase plan
- Declared dividends
- Reviewed the operating results of the Group's core business and regular updates on financial and investment



Corporate Culture and Strategies

The Company deeply knows that healthy corporate culture is not only the core of good governance, but also the soul of an enterprise and an essential part of its sustainable development. The Group has developed its unique corporate culture in accordance with its operating environment, values and strategies, covering compliance, integrity, safety, environmental protection, health and employee care, adhering to the core philosophy of sustainable development which is integrated into all aspects of work safety, operational management and occupational health. Our company is guided by the mission and vision of “Building a Modern Energy System, Co-building a Better Ecology”. We focus on four strategic goals: innovative implementation of dual-carbon initiatives, leading digital transformation, creating a high-quality lifestyle, and enhancing safety management. Through our dedicated and effective work, we have established our strategic positioning as a “smart city service provider that is dedicated to enhancing the quality of living in homes and enabling intelligent carbon management in enterprises”.

Corporate Governance Practices

The Company is committed to upholding high-quality corporate governance practices, while the Board and the management have been continually reviewing and enhancing the corporate governance practices with reference to local and international standards. Since its listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company has adopted the Corporate Governance Code (the “CG Code”) as contained in the Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as the main guideline for corporate governance practices. The Company also continues to monitor developments in the area of corporate governance externally to ensure the suitability and robustness of its corporate governance framework in light of the rapidly changing business environment and to meet the expectations of stakeholders.

Corporate Governance Code Compliance

For the year ended 31 December 2025, the Company was in compliance with all the code provisions of the CG Code. The Company reviews the compliance of the CG Code on an annual basis in order to ensure that the Company has complied with the code provisions, incorporates the code based on “comply or explain”, and makes reference and executes applicable best recommended practices, to achieve continuous improvement of corporate governance. In 2025, the Board previewed the potential changes arising from the newly revised CG Code and related Listing Rules, comprehensively assessed their possible impact on the Company, and formulated corresponding measures to ensure that the Company is able to fully and promptly comply with the revised requirements upon their coming into effect.

The Company is honoured to have continuously received numerous awards from independent bodies over the previous years in recognition of the achievements of the Company and its subsidiaries (collectively, the “Group”) in its business and management. The latest awards garnered during the year are set out in the section headed “Awards & Rankings” under the “ENN Energy at a Glance” on page 5 of this Annual Report.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the directors of the Company. Each Director is required to confirm compliance on a semi-annual basis. After having made specific relevant enquiry, the Company confirms that all directors have complied with the Model Code in 2025.

Senior management and staff, who because of their office in the Company are, likely to be in possession of Inside Information (which term shall bear the same meaning as in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”)) of the Company, have also been requested to comply with the provisions of the Model Code.

The Board

According to the articles of association of the Company, the Board is a standing decision-making body of the Company. It assumes the responsibility of leading, guiding and supervising the affairs of the Group, and develops long-term strategic goals and policies for the Group. The Board is also responsible for performing the corporate governance functions of the Company, which include developing, reviewing and monitoring the Company’s corporate governance policies and practices, ensuring compliance with legal and regulatory requirements and codes applicable to employees and directors of the Company, reviewing and monitoring the training and continuous professional development of directors and senior management, and reviewing the Company’s compliance with the CG Code. It also pays attention to value creation and risk management during the process, and ensures that appropriate and sufficient disclosures are made in the annual report.

The Board has established Board committees and other responsibility committees, they perform their duties and report to the Board in accordance with their respective terms of references. Details have been set out below under the section headed “Board Committees” and “Other Responsibility Committees”. The Board has delegated insignificant and cumbersome issues that require Board approval to the Management Committee (details have been set out in below under the section headed “Management Committee”). The Management Committee has to report its decisions made to the Board bi-yearly. The Board has delegated the daily operations of the Group to executive directors and senior management of the Company (collectively, the “Management”). Whenever the Board delegates its powers in management and administrative functions to the Management, they have simultaneously provided clear guidance, especially as to under what circumstances the Management should report to and obtain approval from the Board before making any decisions or entering into any undertakings on behalf of the Company.

The Chairman of the Board and the Management will ensure all directors (including the independent non-executive directors) of the Company have access to adequate, complete and timely information so that they can make informed decisions and discharge their duties and responsibilities as directors. Directors may request further briefing or explanation on any aspect of the Group’s operations or business and seek advice from the Company Secretary on the Company’s compliance management matters, including Board procedures and corporate governance practices. Where appropriate, they can also seek independent professional advice at the Company’s expense.

The Company has insured director’s liability insurances for the directors, which provided protection to the directors for liabilities that might arise in the course of their performance of duties according to law and facilitate directors to fully perform their duties.

CORPORATE GOVERNANCE REPORT

Appointment, Re-election and Retirement of Directors

The Nomination Committee of the Board is responsible for evaluating the appointment of new directors, re-election of directors or filling the vacancies of directors, advising the Board and submitting for approval at the shareholders' general meeting upon approval by the Board. All directors of the Company have entered into formal service agreements/letters of appointment with the Company, and are subject to retirement by rotation in accordance with the articles of association of the Company. Article 116 of the articles of association provides that at each annual general meeting ("AGM"), one-third of the directors for the time being (or if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every director shall be subject to retirement by rotation at least once every three years. In addition, pursuant to Article 99 of the articles of association of the Company, any director appointed to fill a casual vacancy or as an addition to the Board is subject to re-election at the next following general meeting or next following AGM of the Company.

According to the code provisions of the Listing Rules, the re-election of any independent non-executive directors who has served on the Board for more than nine years is subject to (i) a separate resolution to be approved by the shareholders of the Company; and (ii) further information to be set out in the circular to shareholders of the Company stating why the Board or the Nomination Committee believes that the relevant independent non-executive director is still independent and should be re-elected.

Chairman and Chief Executive

The positions of the Chairman and the Chief Executive of the Company are held by different persons to ensure a balance of power and authority and their roles are segregated with a clear division of responsibilities set out in writing.

Mr. Wang Yusuo is the Chairman of the Company (the "Chairman") who is responsible for the management of the Board. Throughout the year, the Chairman led the Board and was responsible for ensuring the effective functioning of the Board, monitoring the performance of the Management, including the Chief Executive Officer and the President, and establishing good corporate governance practices and procedures, and responsible for the strategic planning of the Group, especially on the development of the Group's ESG strategies. Moreover, as required by the Listing Rules, the Chairman held a meeting with the independent non-executive directors during the year without the presence of other executive directors. The topics discussed included: the sustainability of the Company's business model, talent challenges and the continued use of technology as business solutions, succession planning for senior management, and relationship management with key stakeholders.

During the year, Mr. Zhang Yuying, being the Chief Executive Officer, was responsible for promoting and implementing the strategies and plans established by the Board, reviewing and correcting the implementation of strategies, as well as ensuring the acquisition of key resources and capabilities of the Group. Mr. Gong Luojian, being the President, was responsible for assisting the Chief Executive Officer to ensure the upgrading of the Group's business model and the implementation of strategies, as well as the achievement of the Group's development goals.

Non-executive Directors and Independent Non-executive Directors

Non-executive directors do not belong to the Management as they do not participate in the daily operation and management of the Group. However, they are also not considered to be independent. Independent non-executive directors are independent directors who meet the independence criteria under the Listing Rules. They have the same duties of care and skill and fiduciary duties as the executive directors. They possess skills and experience in other aspects (such as ESG, law, information technology, etc.) other than the Group's business knowledge, which helps to enhance the Board's mix of skillsets, experience and diversity of perspectives, whereby playing an important role in the Board.

The non-executive directors (including independent non-executive directors) serve as members of the Company's Board committees (including audit, remuneration, nomination and risk management) and other responsibility committees, provide independent judgment to the Board to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, and monitor the Company's performance in achieving agreed corporate goals and objectives and its performance in relevant reporting. The independent non-executive directors will take the lead where potential conflicts of interest arise in the decision-making of the Board.

During the year, the Board had at all times complied with the requirements of the Listing Rules about the qualification and number of the non-executive directors, including the appointment of at least three independent non-executive directors, of which at least one has appropriate professional qualification, or accounting or related financial management expertise pursuant to Rule 3.10 of the Listing Rules, and pursuant to the requirement of Rule 3.10A of the Listing Rules, the Company's independent non-executive directors representing at least one-third of the Board. The appointments of the non-executive director and the independent non-executive directors do not have a specific term, however, they are subject to retirement by rotation at least once every three years.

The Company has received from each independent non-executive director a written confirmation of his/her independence pursuant to the requirement of the Listing Rules. With reference to such confirmations, the Company, to its best knowledge, considers all the independent non-executive directors have fulfilled the guidelines on independence as set out in Rule 3.13 of the Listing Rules, including confirmation that neither they nor any of their family members hold more than 1% of the Company's total issued shares, and all to be independent. The respective capacity of independent non-executive directors is expressly identified in all corporate communications that disclose the names of the directors of the Company.

As at 31 December 2025, three of the Company's independent non-executive directors had served for more than nine years. However, given that the Company is currently under an offer period, pursuant to Rule 7 of the SFO, unless consented by the Executive, the resignation of any director of the offeree company shall not take effect until the later of: the publication of the announcement relating to the first closing date of the offer, or the publication of the announcement that the offer has become or is declared unconditional. Therefore, when considering the recommendation for the re-appointment of the independent non-executive directors for the coming term, the Nomination Committee has taken the above factors into account. An explanation of why the Nomination Committee considers these directors to remain independent and recommends their re-appointment (including the factors considered, the process and discussion content of the Nomination Committee in making such determination) has been set out in the circular for the AGM. The Company will continue to monitor the requirements under the amended CG Code and ensure compliance therewith.

Board Composition

As at the date of this Annual Report, the Board had 11 directors, including 6 executive directors, 1 non-executive director and 4 independent non-executive directors. Details are as follows:

Executive directors:

Mr. Wang Yusuo (Chairman)
Mr. Zhang Yuying (Chief Executive Officer)
Mr. Gong Luojuan (President)
Mr. Wang Dongzhi (Chief Financial Officer)
Ms. Zhang Jin
Ms. Su Li

Non-executive director:

Mr. Wang Zizheng

Independent non-executive directors:

Mr. Ma Zhixiang
Mr. Yuen Po Kwong
Mr. Law Yee Kwan, Quinn
Ms. Wong Lai, Sarah

A list of the directors of the Company and their roles and functions are available on the websites of the Company and the Stock Exchange, and the biographical details (including the disclosure of each Director's term of office and current appointment period as required under mandatory disclosure requirement B(a) of Appendix C1 to the Listing Rules) of each of the directors are set out on pages 28 to 32 of this Annual Report.

As at the date of this report, except that Mr. Wang Zizheng (non-executive director of the Company) is the son of the Chairman, no relationship (neither financial, business nor family) exists among members of the Board, and in particular, there is no relationship (neither financial, business nor family) between the Chairman and chief executives.

CORPORATE GOVERNANCE REPORT

Meetings of the Board

The Board meets regularly to keep abreast of the Group's conduct, business activities, operational performance and latest developments. Notice of a regular Board meeting is given to all directors of the Company at least 14 days in advance. Directors are invited to include items which they wish to be included in the agenda for the same to be finalised and the agenda will, together with the relevant meeting papers, be given to the directors at least 3 days prior to the Board or Board's committee meetings. During the year, the Board was responsible for considering and approving the Group's annual and interim results, annual reports, interim reports, ESG reports, and other regulatory information disclosures (including the privatisation issue), and received reports from the various Board Committees, functional committees, and the President on a semi-annual basis. The Board also made decisions and exercised oversight over matters relating to the Company's business sustainability, major strategic initiatives, talent management, and stakeholder relationships.

The Company also assisted directors in keeping abreast of the latest information on the Group's operational status, the industry in which it operates, and the external environment through the implementation of the following measures, thereby promoting the efficient and accountable operation of the Board:

- The public relations company appointed by the Company informs the directors of the news and stock closing price relating to the Company on every working day.
- The Management timely communicates the possible reasons causing the significant fluctuation in stock price that they are aware of.
- Circulate to the directors on a non-periodic basis the Group's market and media updates, as well as management's comparative analysis reports on industry benchmarking and high-potential companies.
- Deliver the report about the operational, investment and financial performance of the Group to the directors of the Company on a monthly basis.
- As most of the directors of the Company are on occasional, and sometimes unexpected, business trips and/or are stationed in different regions of China, apart from encouraging them to attend in person, the directors could attend meetings through electronic means of communication. For simple and straightforward Board resolutions, or a resolution that has been fully communicated through different communication channels and obtained the consent of all directors before the meeting, the Company Secretary will suggest the resolutions to be passed in the form of a written resolution with the relevant materials circulated together with draft resolutions to the full Board.
- Where a director is unable to attend a meeting, he/she is informed by the Company Secretary about the matters to be discussed and encouraged to express his/her views to the Chairman of the Board or the Company Secretary prior to the meeting.
- Agree and execute the next annual plan for Board meetings and Board's committees meetings as well as corporate events with directors by the Company Secretary in December every year to reserve their times for attendance. For special meetings, suitable timings were coordinated in advance with the relevant directors to ensure that all such directors were able to attend.
- In relation to notifiable transactions/issues of the Company, external independent professional advice will be sought upon request by the directors of the Company, while the expenses will be borne by the Company.
- The Company has set up an independent board committee comprising only of independent non-executive directors to review all discloseable connected transactions of the Company or other transactions which the committee considered to have conflicts of interests, and an independent financial advisor will be engaged to provide independent opinion on such transactions to the Board.

The Company Secretary is responsible for taking minutes of the Board and Board's committees meetings with details of the matters considered by the Board and decisions reached, including any concerns raised by the members of the Board or dissenting views expressed, as well as the recommendations to improve the Company's corporate governance and internal control systems. Minutes of the Board's meetings and committees meetings have been recorded in sufficient details, and maintained by the Company Secretary for inspection by any directors of the Company within a reasonable time upon a reasonable notice given.

Directors' Attendance

The Board held 4 Board meetings (but excluding Board approvals obtained by circulating written resolutions) during 2025 and other additional meetings when Board approvals are needed for other issues. Details of the directors' attendance record of Board's committees meetings functional meetings, Board meetings and general meeting, as well as directors' trainings during the year are as follows:

Directors	Attendance/number of meetings held									2025 Annual general meeting	Continuing Professional Development (CPD) and Types of trainings (See Note)
	Audit committee	Nomination committee	Remuneration committee	Risk management committee	Management committee	Independent board committee	Environmental, social and corporate governance committee	Share award committee	Board		
Executive directors:											
Wang Yusuo		1/1			23/23				4/4	1/1	A, B
Zhang Yuying				2/2	23/23		2/2		4/4	1/1	A, B
Liu Jianfeng (Note 1)				-/-	3/3		-/-		-/-	-/-	-
Gong Luoqian (Note 1)				2/2	20/20		2/2		4/4	1/1	A, B
Wang Dongzhi				2/2	23/23		2/2		4/4	1/1	A, B
Zhang Jin		1/1			23/23			-/-	4/4	1/1	A, B
Jiang Chenghong (Note 1)				-/-	3/3		-/-		-/-	-/-	-
Su Li (Note 1)				2/2	20/20		2/2		4/4	1/1	A, B
Non-executive director:											
Wang Zizheng							2/2		4/4	1/1	A, B
Independent non-executive directors:											
Ma Zhixiang	5/5	1/1	1/1	1/2		4/5	2/2	-/-	4/4	1/1	A, B
Yuen Po Kwong	5/5	1/1	1/1	1/2		5/5		-/-	4/4	1/1	A, B
Law Yee Kwan, Quinn	5/5	1/1	1/1	2/2		5/5		-/-	4/4	1/1	A, B
Wong Lai, Sarah	5/5	1/1	1/1	2/2		5/5			4/4	1/1	A, B

Note:

- On 25 February 2025, Mr. Gong Luoqian and Ms. Su Li have been appointed as Executive Directors of the Company. On the same day, Mr. Liu Jianfeng and Mr. Jiang Chenghong ceased to be the Executive Directors. The attendance record above reflects only their respective tenures as directors of the Company during 2025. Details regarding changes in directors and their compliance with Rule 3.09D of the Listing Rules have been disclosed in the previous annual report.

Remarks:

- A: attending seminars, conferences and/or forums
 B: reading journals, updates, articles and/or materials, etc.

CORPORATE GOVERNANCE REPORT

Time Devotion of Directors

In order to ensure that all directors of the Company devote sufficient time to the affairs of the Company, they have to promptly notify the Company, upon their appointment, their offices held in other public companies or organisations and other significant commitments, if any. They need to notify the Company from time to time for any changes and the time involved annually. After having made specific enquiries, the Company confirms that no independent non-executive directors serving as directors in six listed companies or more simultaneously.

The Board of the Company has established the Board attendance policy that unless there is a special reason or the low attendance rate is due to a small number of meetings, the attendance rate of the directors in the Board meetings and Board's committee meetings of the Company should not be less than 75%. In 2025, the overall attendance rate of all the directors in the meetings (including the responsibility committees) had reached 99%. Through preparation before meetings, active participation in decision-making, a high attendance rate, and constructive discussions, the directors effectively oversaw the Company's risks and internal controls. At the same time, they promoted the sharing of professional expertise, conducted site visits, and fostered the development of a governance culture. In addition to fulfilling their core functions, the directors also contributed to strategic insight, resource integration, crisis response, and continuous learning, significantly enhancing the Company's governance effectiveness and transparency. Therefore, the directors of the Company have also confirmed that they have given sufficient time and attention to the affairs of the Company for the year ended 31 December 2025.

Mechanism Ensuring The Board Can Obtain Independent Views

The Board has formulated the mechanism to ensure that the Board can obtain independent views and opinions, and reviewed its implementation and effectiveness during the year. Taking into account the following channels, the Board considered that the Company had an effective mechanism to ensure that the Board can obtain independent views, the details are as follows:

- the Board comprises four independent non-executive directors (representing one-third of the Board) and all of them continue to devote sufficient time to the Company;
- in addition to the requirements about the combination of certain Board committees under the Listing Rules, the Company also invites independent non-executive directors to serve as chairman or members of other responsibility committees whenever possible, providing opportunities for them to express their views and opinions and monitor the comprehensive development of the Company;
- the directors can seek independent professional opinions from external legal advisors or other independent professional individuals when necessary and invite outsiders with relevant experience and expertise to attend meetings to perform their duties to the Company at the expense of the Company. The arrangement for seeking independent professional opinions can be made through the Chief Financial Officer or Company Secretary;
- the directors can seek information from the employees of the Group to discharge their duties, including but not limited to the Company's accounts, books and records, and employees are required to provide assistance in compliance with applicable laws and regulations;
- the directors (including independent non-executive directors) who have a material interest in a contract, arrangement or other proposal shall not vote or be counted in the quorum on any Board resolution approving such matter;
- an annual meeting between the Chairman and all independent non-executive directors without the presence of other executive directors, this provides an effective platform for the Chairman to listen to their independent views on various issues concerning the Group; and
- the independent non-executive directors have fixed fees and the equity-linked (such as share options) remuneration granted by the Company to them is not related to performance goals, with an aggregate amount not exceeding 0.1% of issued shares. This assures that such remuneration will not affect the objectivity and independence of their decision-making.

Assessment of Board Performance

The Board believes that regularly reviewing its own performance is essential to good corporate governance and board effectiveness. Accordingly, since 2020, the Board has conducted at least one performance review annually. In 2025, the Company continued to carry out an internal evaluation of the Board's operational effectiveness through a questionnaire, and engaged an independent third-party organisation for an objective assessment of the Board members. This assessment covered areas such as the composition of the Board, time commitment, decision-making capabilities, receipt of information disclosures, satisfaction with training, and communication between directors and Management. Based on the assessment results and Directors' feedback, the Company has formulated and implemented corresponding improvement measures, primarily covering investor relations management, information alignment, communication enhancement, and strengthening directors' professional capabilities. Specific initiatives included establishing a regular investor engagement mechanism, providing timely updates on announcements and key matters to directors, organising thematic meetings between directors and Management, and conducting three tailored training sessions to address different role-specific needs.

Directors' Training and Professional Development

Directors are encouraged to participate in continuous professional development to enhance and refresh their knowledge and skills, ensuring that their contributions to the Board remain informed and relevant.

Newly appointed directors of the Company would be offered an induction training, and briefed by external compliance lawyer of the Company on director's responsibilities under the relevant legal and regulatory requirements (including but not limited to the Companies Ordinances, the Listing Rules and the SFO). They were provided with an information memorandum on directors' duties and obligations which assists them in understanding their responsibilities as a director of the Company. Subsequently, they should also receive any briefing and professional development necessary to ensure that they have a proper understanding of the issuer's operations and business and are fully aware of their responsibilities under statute, legal and other regulatory requirements and the issuer's business and governance policies. During the year, the Company organised three internal training sessions in various cities across China, both independently and in collaboration with other industrial companies under the ENN Group. The training topics covered a wide range of subjects, including the duties of directors of Hong Kong-listed and A-share companies, the latest amendments to the CG Code, the application of artificial intelligence in corporate governance, low-carbon office practices, interpretation of macro policies under the 15th Five-Year Plan, the electrical era and new energy development, trends in value management, and corporate compliance management. In addition, the directors also actively participated in various externally organised seminars and trainings to enrich their knowledge. In the event of the appointment of a new director, the Company Secretary also provided relevant materials on Listing Rules and compliance, serving as a reference for their directorship responsibilities as needed.

The President of the Company reported the business and prospects of the Group in detail to the Board twice during the year, providing the directors of the Company an update on the operation and business of the Group, as well as the development of the energy industry.

For the year ended 31 December 2025, all the directors of the Company had provided their training records to the Company and the training records have been set out above under the section headed "Directors' Attendance".

CORPORATE GOVERNANCE REPORT

Board Committees

To streamline its duties and uphold good corporate governance, the Board allocates certain of its executive and monitoring functions to four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee, which are comprised of directors only.

Audit Committee

The Audit Committee is made up of all independent non-executive directors and is mainly responsible for monitoring the completeness of the financial statements, annual and interim reports and accounts of the Group, and reviewing the risk management and internal control system. The Audit Committee maintains a decent relationship with the Company's external auditor, and makes recommendations to the Board on the appointment, re-appointment and or removal of external auditor, and related matters. A written terms of reference explaining its role and the authority delegated to it by the Board is published on the websites of the Company and the Stock Exchange. The members of the committee during the reporting period (the year of 2025 and up to the date of this report in 2026) were:

Members

Wong Lai, Sarah (Chairperson of the Audit Committee)
Ma Zhixiang
Yuen Po Kwong
Law Yee Kwan, Quinn

100%
Independence

The members of the Audit Committee all have sufficient experience in risk management and internal controls, internal auditing, and reviewing audited financial statements. Assistance is provided by the Group's auditors and senior management as necessary. Among the members of the audit committee, Mr. Law Yee Kwan, Quinn and Ms. Wong Lai, Sarah hold appropriate professional qualifications and experience in accounting and/or related financial management, exceeding the requirements set out in the Listing Rules.

In the 5 meetings held by the audit committee in 2025, the Chief Financial Officer, the head of the internal audit department, and the representatives of the external auditor also attended the relevant committee meetings, primarily responsible for the following issues:

- reviewed and considered the results and the consolidated financial statements of the Group for the year ended 31 December 2024 and for the six months ended 30 June 2025, together with the significant financial reporting judgements contained therein, for the Board's approval;
- reviewed the continuing connected transactions of the Group for the year ended 31 December 2024 under the Listing Rules, as well as the daily management of other related transactions, and to assess the effectiveness of internal controls;
- discussed with the Management and the external auditor the issues that may have significant impact on the financial statements, including but not limited to liquidity management, foreign exchange risk management, and asset impairment;
- discussed with the external auditor the impact of any changes in accounting policies as well as the nature and scope of annual audit and interim review before the commencement of the audit work, and their reporting responsibilities;
- reviewed the external auditor's independence, objectivity and the effectiveness of the audit process in accordance with applicable standards;
- made recommendations to the Board on the appointment and re-appointment of external auditor, and approved the remuneration and terms of engagement of the external auditor;
- listened to the work report of the head of internal audit department, and reviewed the effectiveness of the Group's risk management and internal control systems bi-yearly, and monitored the improvement (if any); and
- assessed whether there were adequate resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions provided by the Management.

In addition to the meetings mentioned above, at the specific request of the Audit Committee, the Company Secretary also arranged meetings during the year between management and relevant staff and the Audit Committee to report on and exchange views on specific topics. The chairperson of the committee reported to the Board semi-annually on the summary of committee meetings, highlighting any significant matters arising or concerns raised by the committee members.

External Auditor's Remuneration

For the year ended 31 December 2025, Deloitte Touche Tohmatsu (“Deloitte”), the auditor of the Company provided audit service and non-audit services to the Group, and the amounts of remuneration paid and payable in connection therewith are as follows:

	Approximate Amount (RMB)
Annual audit service	9,250,000
Non-audit services – interim review service	2,530,000
– ESG advisory service	510,000
– Statement of Indebtedness	900,000
Total	13,190,000

Save as disclosed above, the Group did not engage Deloitte to provide other services during the year and up to the date of this report. To maintain its independence and objectivity as the external auditor of the Company, Deloitte has established relevant policies and procedures to ensure that the services it provides comply with applicable professional standards and relevant independence requirements. In addition, in accordance with the codes of ethics of the Hong Kong Institute of Certified Public Accountants and the International Federation of Accountants, Deloitte also requires that the audit partners serving the Group rotate at least once every seven years. Deloitte has confirmed its independence in accordance with the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.

As stated by the Audit Committee to the Board, the Audit Committee is of the view that service fees paid/payable by the Company to external auditor for the services provided for the year were reasonable. External auditor had no material disagreement with the Management of the Company during the year. The committee is satisfied with the work of Deloitte, as well as its independence and objectivity. Accordingly, the committee recommends the reappointment of Deloitte (which has indicated its willingness to continue in office) as the external auditor of the Group for the 2026 financial year, subject to approval by the Company's shareholders at the 2026 AGM.

Remuneration Committee

The Remuneration Committee is made up of all independent non-executive directors of the Company and is responsible for establishing formal and transparent procedures for developing the overall remuneration policy and structure for all directors and senior management of the Company and making recommendations about the remuneration of individual executive directors and senior management to the Board, and ensuring no director or any of his/her associates is involved in deciding his/her own remuneration. A written terms of reference explaining its role and the authority delegated to it by the Board is published on the websites of the Company and the Stock Exchange. The members of the committee during the reporting period (the year of 2025 and up to the date of this report in 2026) were:

Members

Ma Zhixiang (Chairman of the Remuneration Committee)
Yuen Po Kwong
Law Yee Kwan, Quinn
Wong Lai, Sarah

100%
Independence

The Remuneration Committee held a meeting and passed a written resolution during 2025 to handle, among others, the following:

- reviewed the policy and structure of remuneration for all directors and senior management of the Company (including but not limited to the salary, year-end bonus, share schemes), and made recommendations to the Board on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewed the implementation of the 2024 remuneration of each executive director and senior management of the Company;
- assessed the performance of each of executive directors and senior management of the Company, and recommended their remuneration for 2025 to the Board;
- reviewed the directors' fees of the non-executive directors (including independent non-executive directors) of the Company; and
- approved the service contract terms of the newly appointed executive directors and recommended the remuneration packages for them to the Board.

CORPORATE GOVERNANCE REPORT

The objective of the remuneration policy of the Company is to maintain a reasonable and competitive remuneration package so as to attract and retain the best employees (including directors) to serve the needs for the development of the Company. The remuneration package consists of fixed and variable remuneration, cash and benefits in kind, including but not limited to: basic salary which is fixed to commensurate with market rate and each individual's experience and ability; year-end bonus and/or share options granted with reference to an individual employee's position, performance and ability to contribute to the overall corporate success (the granting of share options is subject to shareholders' mandates as required and the applicable laws and regulations of relevant jurisdictions) and/or awarded shares; and other customary and/or mandatory benefits to employees, such as retirement fund scheme, insurance and paid holiday, with reference to prevailing practices in relevant jurisdictions. If employees violate applicable rules and regulations, depending on circumstances, his/her monthly performance sharing, year-end value sharing and/or medium to long-term incentive payments, will be deducted as punishment.

In determining the remuneration packages for executive directors and senior management of the Company, in addition to the aforesaid remuneration policy and structure, the Remuneration Committee also takes into consideration various factors such as salaries paid by comparable companies, time commitment, responsibilities and employment terms elsewhere in the Group. The Human Resources Department of the Company provides materials on relevant remuneration data, remuneration benchmarks, market analysis and proposals to the Remuneration Committee for consideration. As the remuneration package is performance-based, most of their remuneration are linked with the Company and personal performance, such as the profitability of the Company, ESG performance indicators, aimed to be competitive to attract and retain talented employees. Therefore, the remuneration of executive directors and senior management includes basic salary, year-end bonus, retirement and other benefits. The remuneration of non-executive directors mainly consists of fixed fees, and is paid in the form of an annual director's fee. To ensure that non-executive directors are appropriately compensated for their time commitment and responsibilities undertaken for the Company, the Remuneration Committee regularly reviews the relevant arrangements. In making recommendations to the Board, the Committee takes into account factors such as the fees paid by comparable companies, the time commitment and responsibilities assumed by the non-executive directors, as well as the terms of engagement applicable to other employees. Furthermore, based on the actual progress of the Company's business transformation and development, the Company also grants share options or awarded shares to directors and senior management pursuant to the Share Option Scheme/Share Award Scheme, so as to enhance the effectiveness of performance-based incentives. In this regard, the Remuneration Committee confirmed that performance targets apply to all grants of share options and awarded shares, except for the Chairman of the Board and independent non-executive directors. The Chairman's role focuses on board oversight and strategic planning rather than day-to-day operational performance, rendering performance targets inappropriate. Independent non-executive directors are required to maintain independence and should not be subject to performance-linked incentives. Accordingly, the Remuneration Committee considers the absence of performance targets for these two categories appropriate, although the grants remain subject to continuous service during the vesting period, consistent with the schemes' objectives of attracting and retaining talent and aligning interests with shareholders.

The remuneration payable to the senior management (other than Directors) of the Company for the year ended 31 December 2025 fell within the following bands:

Remuneration Bands (HK\$)	Number of individuals
0 to 1,000,000 (Note 1)	2
1,000,001 to 1,500,000	1
1,500,001 to 2,000,000	1
2,000,001 to 2,500,000	3
2,500,001 to 3,000,000	1
Total	8

Note:

- The above remuneration was earned by the two Directors during the period when they also served as senior management personnel of the Company, representing their emoluments for the period from 1 January 2025 to 25 February 2025.

Details of directors' remuneration and equity interest in the Company held by the directors for the two years ended 31 December 2025 and 2024 respectively are listed out in Notes 11 and 43 to the consolidated financial statements.

Nomination Committee

The Company has established the Nomination Committee in which the chairman is the Chairman of the Board, and the majority of the members are independent non-executive directors. The committee currently has two female members. The members of the committee during the reporting period (the year of 2025 and up to the date of this report in 2026) were:

Members

Wang Yusuo (Chairman of the Nomination Committee)
 Zhang Jin
 Ma Zhixiang
 Yuen Po Kwong
 Law Yee Kwan, Quinn
 Wong Lai, Sarah

67%
 Independence

During the year, the Nomination Committee held a meeting and passed a written resolutions to conduct, among other things, the following:

- reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, and made recommendations on any proposed changes to the Board to align with the Company's corporate strategy;
- considered candidates for new directors recommended by Board members and, upon evaluation, provided advice and made recommendations to the Board;
- reviewed the implementation and effectiveness of Board Diversity Policy (including gender diversity targets);
- assessed the independence of independent non-executive directors;
- reviewed the terms of reference of the Nomination Committee and made recommendations to the Board;
- made recommendations to the Board on the retirement by rotation plan of the directors in AGM according to the requirements of the articles of association of the Company; and
- reviewed the newly amended CG Code and related Listing Rules to assess potential changes and their impact on the Company.

To comply with the amended CG Code and related Listing Rules effective from 1 July 2025, the Company updated the terms of reference of the Nomination Committee in February 2025. The newly added provisions include assisting the Board in preparing a board skills matrix, reviewing at least annually the time commitment and contribution of each Board member, and supporting the Company in conducting regular evaluations of Board performance. The terms of reference are available on the Company's website and the website of the Stock Exchange. The Company has adopted its "Nomination Policy" and regularly reviews its applicability. Details of the policy are available on the Company's website. The "Nomination Policy" sets out the criteria and principles for nominating directors of the Company and provides measures that the Committee should take to implement the policy, including but not limited to requiring candidates to submit necessary personal information in a specified form, conducting interviews or other assessment methods deemed appropriate by the committee. When recommending candidates to the Board, the Nomination Committee will fully consider factors such as the skills of the Board, the "Board Diversity Policy" and the talent required for the Company's strategic planning and development, and recommends the candidates with the reasons (in particular, how the candidate complements the capabilities and experience required by the Company's strategy, and whether other factors highlighted in the Nomination Policy and the Board Diversity Policy have been considered) and the voting intentions of the Nomination Committee to the Board for final consideration. During the year, the Committee, in accordance with the Company's Nomination Policy, appointed Mr. Gong Luojian and Ms. Su Li pursuant to the prescribed procedures and recommendation criteria, with full disclosure provided in the previous annual report.

CORPORATE GOVERNANCE REPORT

The Board adopted the Board Diversity Policy in 2019, establishing a clear approach to Board diversity. The core elements of the policy are as follows:

- **Principle of Diversity:** the Company believes that Board diversity contributes to enhancing overall governance effectiveness. When composing the Board and nominating directors, comprehensive consideration is given to multiple dimensions, including gender, age, cultural background, professional experience, and skills.
- **Commitment to Meritocracy:** all director appointments are made on merit, while fully embracing the value of diversity and ensuring a balance of skills, experience, background, independence, and gender.
- **Policy Oversight and Disclosure:** the Nomination Committee is responsible for overseeing and reviewing the implementation of this policy. The full text of the policy is available on the Company's website.

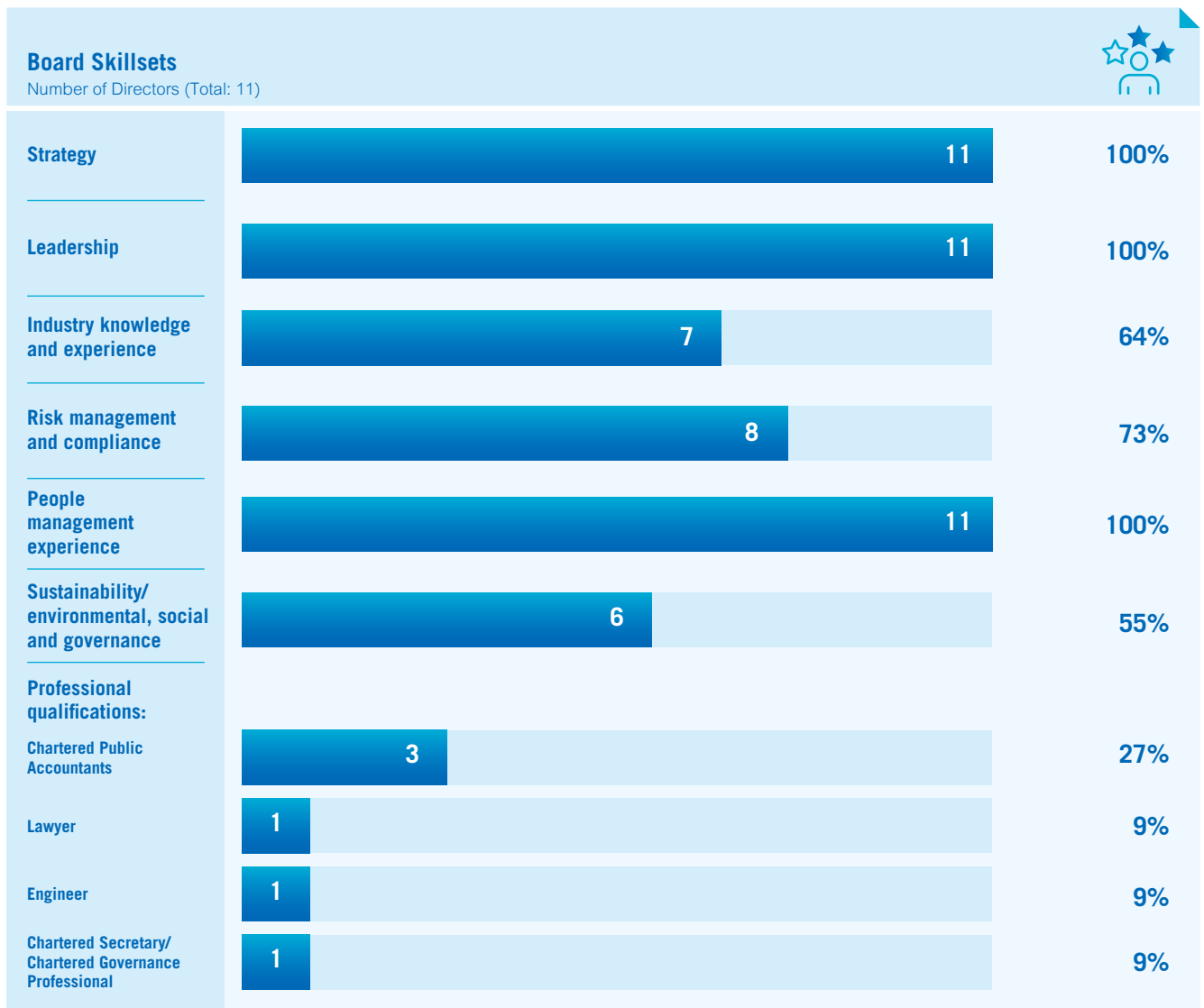
To further implement the core value of “people-oriented”, the Company formulated the “Human Rights and Employee Diversity Policy” in March 2025. Relevant highlights are summarised as follows:

- **Policy Foundation and Scope:** this policy is developed with reference to international human rights principles and applies to all employees, as well as business partners such as suppliers and collaborators.
- **Prohibition of Forced Labor and Discrimination:** the employment of child labor and forced labor is strictly prohibited. The Company maintains a zero-tolerance approach towards all forms of discrimination based on race, gender, or other characteristics.
- **Diverse and Inclusive Work Environment:** the Company is committed to fostering a diverse, equitable, and inclusive work environment, providing reasonable accommodations for employees with disabilities, and actively promoting gender diversity by continuously increasing the representation of women in management and leadership positions.
- **Equal Employment and Development:** the Company adheres to ability and talent as the criteria for employment, removes barriers in promotion and remuneration, upholds the principle of equal pay for equal work, and offers flexible work arrangements and family-friendly leave.
- **Respect for Fundamental Rights:** the Company respects employees' rights to freedom of association and collective bargaining in accordance with the law, and values the human rights of communities affected by the Company's operations.
- **Complaint and Reporting Mechanism:** employees are encouraged to report any violations. Whistleblowers are protected under the Company's Reporting and Whistleblower Protection Policy.

As at 31 December 2025 and up to the date of this report, the Company has established a target to increase the proportion of female directors to 30% by 2027. This proportion has grown significantly from 10% in 2020 to 27% in 2025. In addition to promoting gender diversity at the Board level, the Group has also actively promoted gender diversity among senior management and employees of its subsidiary companies, thereby ensuring a diverse talent pool for Board and senior management succession. As at 31 December 2025, female employees accounted for 25.7% of the Group's total workforce, while the proportion of women in senior management reached 33.3%, a figure influenced by the characteristics of the industry in which the Group operates. The Group has not yet set quantifiable targets for employee gender diversity, but it continues to value and promote diversity and inclusion in the workplace. By providing diverse training and development opportunities, the Group supports female employees in realising their potential and enhancing their professional competitiveness. The Group will continue to optimise its gender structure and steadily increase the overall proportion of female employees and their representation in management.

The Nomination Committee reviewed the report submitted by management on the diversity of the Board in 2025 and considered that the Company's Board possesses good diversity. Its members have a range of professional backgrounds and industry experience covering law, accounting and finance, economics, corporate governance, risk management, and other areas, providing valuable insights and recommendations for the Group's business development. At the same time, the Committee reviewed the Board Diversity Policy and considered the policy to be appropriate and effective. At the Nomination Committee meeting held in February 2026, the Committee assessed directors' time commitment and contributions in 2025, including their skills, professional qualifications and experience, and confirmed that each director has devoted sufficient time to discharge their duties. Details of directors' attendance and time commitment are set out on pages 43 and 44 of this report under “Directors' attendance” and “Time Devotion of Directors”.

As of the reporting date, the diversity of the Company's Board of directors is as follows:



CORPORATE GOVERNANCE REPORT

The findings of the Nomination Committee's review show that, as of the reporting date, the average tenure of directors was approximately nine years. Based on historical data over the past five years, the average rotation period for the re-election of each director was two years, which is shorter than the three-year requirement stipulated in the Company's articles of association. Shareholders thus have more opportunities to participate in the election of Board members. The committee will give full consideration to the Group's strategic direction and development needs, and will seek recommendations from directors, shareholders, management, corporate advisors, and external headhunters to enhance the Board's composition and diversity, thereby comprehensively broadening the Board's skills, experience, and perspective. The Nomination Committee considers that the Board Diversity Policy has been effectively implemented during the year, and that the Board's current capabilities and skill mix are sufficient to enhance Board effectiveness, create long-term value, and support the Company's strategic objectives.

Risk Management Committee

The Risk Management Committee is responsible for assisting the Board to evaluate and determine the class and extent of the risks the Group is willing to take in achieving its strategic objectives, and to ensure the Group has established and maintained suitable and effective risk management and internal monitoring systems. Its written terms of reference explaining its role and the authority delegated to it by the Board is published on the websites of the Company and the Stock Exchange. The members of the committee during the reporting period (the year of 2025 and up to the date of this report in 2026) were:

Members

Zhang Yuying (Chairman of the Risk Management Committee)
 Gong Luojian (Note 1)
 Liu Jianfeng (Note 1)
 Wang Dongzhi
 Su Li (Note 1)
 Jiang Chenghong (Note 1)
 Ma Zhixiang
 Yuen Po Kwong
 Law Yee Kwan, Quinn
 Wong Lai, Sarah

50%
Independence

Note:

1. On 25 February 2026, Mr. Gong Luojian and Ms. Su Li have been appointed as members. On the same day, Mr. Liu Jianfeng and Mr. Jiang Chenghong ceased to be members.

The Risk Management Committee held 2 meetings during the year to handle, among others, the following:

- received and considered management's report on the Group's risk management work, including changes in the nature and severity of significant risks, the Company's ability to respond to business and external environmental changes;
- reviewed the Group's risk management procedure for identifying, assessing and managing significant risks, and for the timely, accurate and complete disclosure of information required to be disclosed (including inside information and any other information necessary to prevent the creation of a false market in the issuer's securities); and
- made recommendations on the effectiveness and optimisation of the risk management and the internal monitoring systems to the Board.

Further details on the key features and measures of the risk management and internal control systems, please refer to the section headed "Risk Management and Internal Controls".

Other Responsibility Committees

In order to make effective use of the Board's valuable time and resources, the Board has established various functional committees to assist the Board in handling routine business matters such as ESG report, Share Award Scheme and discloseable connected transactions. The responsibility committees may include non-directors as members. Their terms of reference, together with the structure and composition of the Board committees, are reviewed from time to time to ensure that such arrangements remain aligned with the Company's business and operational needs.

Management Committee

The Board has established the Management Committee (formerly known as "Executive Committee") on 21 March 2019 comprising all executive directors appointed by the Board from time to time. The Management Committee is responsible for the insignificant and cumbersome Board affairs which need approvals from the Board. During the year, the Management Committee held 23 meetings, mainly focusing on account opening, changes to bank account authorisers, and related matters. They also approved the acceptance of credit facilities provided by certain banks and offered guarantees for its wholly-owned subsidiaries.

Environmental, Social and Corporate Governance Committee

The Board has established the Environmental, Social and Corporate Governance ("ESG") Committee on 21 March 2019, which is responsible for reviewing the ESG report of the Group, formulating and reviewing the ESG policies and practices, setting the Company's ESG goals, updating major ESG issues and ESG risks regularly, and reporting to the Board and making recommendations; while monitoring the training and continuous professional development in ESG by directors and the senior management of the Company; and reviewing the Company's policies and practices in compliance with rules and regulations. As of the date of this report, the ESG Committee comprises six Directors (composed of four executive directors, one non-executive director and one independent non-executive director), and the chairman of the committee is Mr. Wang Zizheng, a non-executive director. A written terms of reference explaining its role and the authority delegated to it by the Board is published on the website of the Company and the Stock Exchange.

During the year, the ESG Committee held 2 meetings, primarily to approve the 2024 ESG report, review the results of work relating to ESG for 2024 to 2025 (including but not limited to overseeing the formulation and progress of the Company's environmental and social strategic objectives, related performance, and framework measures) and formulate a work plan for 2025 to 2026 (such as identifying emerging risks and opportunities arising from external trends). The Company is committed to improving the management of ESG, actively responding to the topics concerned by the capital market, and constantly integrating ESG culture and strategies into its daily operation.

For information regarding the Company's developments in ESG and more details, please refer to the Company's 2025 Environmental, Social, and Governance Report.

Share Award Committee

The Board has established the Share Award Committee on 30 November 2018, and currently comprising Ms. Zhang Jin, Mr. Ma Zhixiang, Mr. Yuen Po Kwong, Mr. Law Yee Kwan, Quinn and the Company Secretary, is responsible for the execution of the Board's instruction and the administration of the Share Award Scheme of the Company.

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Independent Board Committee

The Board has established the Independent Board Committee on 23 October 2020 comprising all independent non-executive directors of the Company as appointed by the Board from time to time, which is responsible for reviewing and recommending to the Board the approval of all discloseable connected transactions of the Company, and assessing the appropriateness of the Company's continuing connected transactions, as well as matters that the Board deems appropriate, such as identifying and judging potential competing businesses.

As of the date of this report, Mr. Law Yee Kwan, Quinn is the chairman of the committee. The Company implements a rotation system for the committee chairmanship, which will be rotated at an appropriate time to ensure the continuous improvement of the governance structure.

During the year, the Independent Board Committee held five meetings, primarily to review the effectiveness of the mechanism by which the contractors invite the Group for new projects under the terms of the Deed of Non-competition; to select and appoint suitable independent financial advisers for the privatisation offer; to receive reports from the financial advisers on the outcomes of their independent assessments; and to receive reports from the financial advisers and management on shareholder communications and market updates.

Accountability and Audit

Financial reporting

The directors are responsible for preparing financial statements for every financial year of the Company with the support of the accounting and finance team. The Board is collectively responsible for ensuring a balanced, clear and understandable assessment of the Group's annual and interim reports and other financial information and reports required to be disclosed under statutory requirements. In order to enable the Board to make an informed assessment of the financial and other information before its approval, the Board is provided with general financial information with explanation thereof (if appropriate) of the Group on a regular basis, as well as monthly report on operation, investment and financial performance to enable them to assess the Company's operational performance and financial position in a timely manner. Moreover, the Management also regularly meets with the directors to present results and discuss any variance between the budget and the actual results. During the year, the Audit Committee discussed and assessed with the Management and external auditor the issues that may affect the going concern of the Group, including but not limited to cash flow management, exchange rate risk management and asset impairment assessment, which are major issues that may have an impact on the Company's finances.

The accounting and finance department of the Company, headed by the Chief Financial Officer of the Company, is specifically responsible for the accounting and financial reporting functions of the Group and for coordinating and supervising the relevant departments of all the operating subsidiaries of the Company. A majority of the staff of such departments possess academic qualifications and extensive working experience in accounting and financial reporting. The Group also provides continuous training seminars, on-the-job training and offers allowance for external training programmes by professional bodies to motivate the staff to enhance and refresh their knowledge on an ongoing basis. The dedicated staff responsible for preparing the annual and interim reports have professional knowledge on Hong Kong Financial Reporting Standards, the Listing Rules and Companies Ordinance to ensure the reports complied with relevant standards, rules and regulations. They are responsible for clearing audit matters for the annual and interim reports with the external auditor and the Audit Committee. In addition, all new and amended accounting standards and requirements, as well as any changes in accounting policies adopted by the Group, have been thoroughly discussed and approved by the Audit Committee before adoption by the Group.

The Board is committed to ensuring a balanced, clear, and coherent assessment of the Group's financial statements in the annual report, interim report, inside information announcements, and other financial disclosures required under the Listing Rules and other regulations. To this end, the financial statements presented to the Board have been reviewed by the Audit Committee. In preparing the annual and interim financial statements, the finance function led by the Chief Financial Officer is responsible for following up on audit matters with the external auditors and the Audit Committee. In addition, new and amended accounting standards and requirements adopted by the Group, as well as any changes in accounting policies, are discussed and reviewed by the Audit Committee prior to adoption. The financial statements for the year ended 31 December 2025 have been prepared on a going concern basis, and the Board considers that they give a true and fair view of the financial position, results of operations, and cash flows of the Group for the year ended that date, and comply with the relevant statutory requirements for other financial information disclosures and reporting.

A statement of the reporting responsibility of the external auditor is set out in the Independent Auditor's Report on pages 87 to 89 of this Annual Report.

Risk Management and Internal Controls

The Board is responsible for the Group's risk management and internal control systems, including but not limited to the formulation of appropriate policies and strategies and the review of their effectiveness, to ensure alignment with the Company's strategic objectives and risk appetite. The Board has established a Risk Management Committee to monitor the Group's risks, assess and review the effectiveness of the system to ensure that the nature and extent of risks are consistent with the Company's strategic objectives and risk tolerance, and to avoid material misstatements or losses, rather than striving for the absolute elimination of the risk of failing to achieve business objectives. The Audit Committee is responsible for supervising the risk management and internal control systems designed and implemented by Management, and for providing comments and suggestions on the internal audit department's work reports on major control systems.

Based on the comprehensive enterprise risk management framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Company has formulated risk assessment standards based on the risk tolerance and risk limit in the risk appetite system, and ranked the importance of risks from the two dimensions of the possibility of risk occurrence and the degree of impact to determine the priority of risk control. The Group has established a risk management system with three lines of defense, including operations, risk control (internal control and compliance), and audit. It clearly defines the management processes and specifications for risk identification, risk assessment, and risk response, implements risk monitoring and early warning, and forms a closed loop of procedural measures such as risk supervision and improvement.

First line of defense	Each business and functional unit and professional group	directly responsible for daily operations, identifying, assessing and controlling risks, integrating risk management requirements into daily business and ensuring compliance with relevant policies and procedures
Second line of defense	Risk Management Committee and Corporate Risk Management Department, and Compliance Department	provide professional risk management consulting and training to the first line of defense, supervise the implementation of its risk management work, and assist in identifying potential risks
Third line of defense	Internal audit department of the Company	through regular audits and special reviews, ensure that the risk control measures of the first and second lines of defense are effectively implemented and provide suggestions for improvement, reporting to the Audit Committee and the Board of Directors every six months on the effectiveness of corporate governance, risk management and internal controls

Risk Appetite

In order to fulfill the Group's mission and respond to stakeholder expectations, the Group is willing to undertake reasonable risks that are highly aligned with business development indicators and within controllable limits. This is to drive innovation momentum and sustainable growth, while avoiding the following situations:

- violations of national and local laws and regulations, leading to hefty fines, revocation of business licenses, or business suspension events;
- significant financial losses impacting the normal operation of business units due to reasons such as policy judgments, decision-making errors, or poor management;
- major quality and safety incidents, gas supply interruptions, environmental accidents, and safety incidents affecting employee health;
- events leading to the cancellation or revocation of gas franchise rights for business units by the government due to various factors; and
- incidents causing severe damage to the Group's reputation and brand due to various factors (including fraud, commercial bribery, antitrust violations, etc.).

The Group focuses on the construction of significant risk prevention and control mechanisms, managing the entire process from risk identification, risk assessment, strategy formulation and response, to monitoring and improvement, as briefly outlined below:

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Risk Identification

- Utilises the COSO risk management integration framework, pays attention to national macro policies and fluctuations in international energy prices, combines energy industry experience, comprehensively judges the business development stage, focuses on strategic goals and the Company's sustainable development direction, evaluates risk exposure in various fields on an annual cycle, and conduct risk identification. We rely on intelligent risk indication models and smart tools to enhance risk identification and visibility;
- In addition, through daily communication between the Management and various operating departments (covering the Group's operations, finance, legal, technology, etc.), risks are identified from bottom to top, and paying attention to the development and changes in domestic and international political and economic situations, exchange rate volatility, and geopolitical changes, as well as identifies other risks that may have a potential impact on the Group's business and operations; and
- During the year, the Company continued to identify and assess risks (including ESG risks) that may affect the Group, which remain focused on its three major business segments: natural gas, integrated energy, and smart home. These risks cover areas such as safety, investment, engineering, operations, and climate.

Risk Assessment

- Evaluates the identified risks according to the likelihood of occurrence and impact, classifies the risks, and assign different levels of ranking such as major, important, and general;
- During the process, the Company will use a risk matrix to help visualise and prioritise risks; and
- During the year, the overall status of risks identified by the Company remained largely unchanged. The key risks faced by the Group are set out below.

Risk Response

- Develops targeted risk management plans to prevent, avoid or reduce risks, such as adopting a "Zero Tolerance" risk management strategy for security, fraud, compliance and other risks. For innovative business models, such as expansion of integrated energy business and deepening smart home deep-rooted business, a balance will be struck between market expansion and potential risks;
- Strengthens the monitoring and warning function of the internal control and risk management systems continuously based on the result of risk assessment, including the use of digital applications to achieve dynamic early alert of business risks, providing business with risk control rules and standards, risk scenarios and response strategies tailored to the business, customised solutions, and professional risk communication platform; and
- Regularly conducts risk assessments on strategies, reports, operations, and compliance objectives, analyses and responds to risks based on the assessment results, and adjusts and optimises risk control measures in a timely manner. In 2025, the Company continued to optimise risk identification methods and response strategies for business risk scenarios, and gradually realise intelligent early warning and closed-loop control for certain business scenarios based on risk indication rules by using IoT data, innovative algorithms and models.

Risk Monitoring and Reporting

- The Group has established a hierarchical supervisory structure, implementing a “three-tier prevention and control” mechanism that covers internal audit, internal reporting, and anti-fraud policies. With clearly defined responsibilities at each level, this framework forms a comprehensive oversight network that is both vertically integrated and horizontally extensive, ensuring that risk monitoring is objective and effective;
- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control procedures are in place;
- Revises the risk management strategies and internal control procedures in case of any significant change of situation; and
- Reports the results of risk monitoring, rectification requirements, and the progress of each unit in implementing responses and corrective actions to the Management and the Board regularly, ensuring the formation of a closed loop in risk management.

Key risk management during the year included:

Major Risks	Description	Principal Mitigation Measures
Market Risks	<ul style="list-style-type: none"> • Natural Gas Market Competition Risk: Factors such as direct supply to major customers, LNG point-of-supply, and competition within operating regions may have an impact on future market conditions. • Gas Price Risk: Natural gas sales prices are affected by policies and market fluctuations, resulting in unstable profit margins. • Competition and Cooperation Model Risk: With the development of integrated energy business, its business models have become more diverse, giving rise to increased competition and cooperation risks. • Business Dependency Challenge: Despite rapid growth, the smart home business continues to rely on traditional sales models and remains highly dependent on integration with the gas business. This reliance limits resilience and sustainability in business growth, while intelligent tools, productised solutions, and platform strategies still require further strengthening. • Sales Pricing Risk: Smart home products are closely tied to gas sales operations and safety considerations. In addition, variations in pricing rules may give rise to risks associated with pricing practices and bundled sales. 	<ul style="list-style-type: none"> • Optimise Pipeline Network Layout: Continuously improve the layout of the city gas backbone pipeline network to ensure full customer coverage and meet the gas demand of urban development and large users. • Flexible Large-user Development Strategy: Adopt a market-based pricing mechanism that links volume with price, along with flexible pricing mechanisms, to meet the low-cost demands of large users and respond quickly to customers. • Strengthen the Resource Base: Dynamically assess resource conditions, flexibly optimise the regional resource pool, leverage long-term agreement resources and flexible resource pool adjustments, and utilise long-term cooperation models to secure large-user demand. • Flexible Competition and Cooperation: Based on the characteristics of integrated energy business, customers, and ecosystem partners, adopt a “one customer, one solution” approach to promptly facilitate ecosystem interaction and flexibly apply competition and cooperation strategies. • Product and Model Innovation: Continuously upgrade products and explore innovative business models to meet customer needs and consumer sovereignty. Pilot intelligent products such as “intelligent inspection scheduling,” “appointment-based inspection,” and “business opportunity center” to effectively reduce idle travel and enhance value creation conversion rates. • Product and Service Assurance: Increase the development and application of intelligent products to improve business quality and efficiency; simultaneously establish a comprehensive after-sales service system to enhance customer experience and trust. • Sales Pricing: The Company formulates and implements value creation guidelines for the smart home business in compliance with relevant national antitrust and pricing regulations.

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Major Risks	Description	Principal Mitigation Measures
Safety Risks	<ul style="list-style-type: none"> • Pipeline Network Accident Risks: Pipeline network leaks, explosions, and construction accidents may result in casualties and cause serious social impact. • Integrated Energy Safety Hazards: Integrated energy is a complex system integrating cooling, heating, electricity, and gas in a complementary manner. The associated safety hazards, such as biomass fire prevention and electric shock, are even more complex. • Client-Side Risks: Insufficient safety awareness among users may lead to accidents. Once an accident occurs, it will have a serious impact on personal and public safety. 	<ul style="list-style-type: none"> • Equipment Inspection and Maintenance: Regular inspections and pressure tests to ensure the safe operation of the pipeline network. • Intelligent Monitoring and Early Warning: Develop safety intelligence capabilities that “understand safety, recognise risks, identify hazards, and form a closed loop”. Continuously improve the “IoT + intelligent” pipeline network monitoring system to enable real-time monitoring and early warning, enhancing accident prevention and control capabilities. • Emergency Management and Duty System: Establish comprehensive emergency plans and conduct regular drills. Implement a 24-hour duty system to ensure rapid response to emergencies. • Personnel Training and Hazard Management: Carry out specialised training and hazard identification activities to strengthen the professional competence of the safety management team and improve the overall level of safety management. Throughout the year, 33,000 people participated in emergency drills and 315,000 people received safety training.
Engineering Risks	<ul style="list-style-type: none"> • Pipeline Network Construction and Renovation Challenges: During the construction or renovation of new pipeline networks, there may be project delays, cost overruns, or quality issues (related to structure, materials, construction, acceptance inspection, etc.), which could affect project progress and safety. • Integrated Energy Equipment Installation and Delivery Risks: During the construction of integrated energy stations and the installation of major equipment (boilers, photovoltaic panels, transformers, etc.), there may be risks such as unreasonable design, installation quality defects, and construction safety issues. 	<ul style="list-style-type: none"> • Strict Engineering Management: Establish a robust engineering management system, continuously improve the “engineering visualisation” system, and carefully select independent third-party supervisors. Build a closed-loop system of “perception – early warning – rectification”. • Standardised Construction Processes: Benchmark with national and industry standards, continuously optimise processes to reduce rework and error rates. • Contractor Management: Strictly review contractor qualifications, establish a performance assessment mechanism, and drive continuous improvement among contractors. • Strict Compliance Inspection: Based on the characteristics of integrated energy operations, develop a compliance inspection checklist, establish tracking and assessment mechanisms, and steadily advance compliance governance.

Major Risks	Description	Principal Mitigation Measures
Operational Risks	<ul style="list-style-type: none"> • Resource and Price Fluctuations: Pressures from the external macro environment (including tariff wars and geopolitical factors) create uncertainty in the supply and pricing of energy sources such as natural gas and biomass. This may result in higher gas distribution costs and delays in price transmission. • Policy and Franchise Challenges: During the mid-term evaluation of city gas franchise operations, the government is promoting a “one city, one enterprise” policy, which undermines the integrity of existing operating rights. • Smart Home Product Quality Risks: Inconsistent product quality on the platform and limited product categories or brands may restrict marketing effectiveness and diminish customer purchasing enthusiasm. 	<ul style="list-style-type: none"> • Diversified Gas Sources and Storage Capacity: Stabilise cooperation with upstream resources, including the three major oil companies, and establish a multi-gas source supply system comprising pipeline gas, LNG long-term contract resources, and gas storage facilities. Strengthen gas storage capacity, continuously enhance the intelligent dispatch system, and optimise the layout of facilities to improve control over regional resources. • Price Risk Hedging Strategy: Establish a comprehensive risk management policy and commodity hedging system. Based on the annual LNG purchase and sales plan, determine an appropriate hedging ratio in conjunction with market analysis, and use financial instruments such as futures and options to lock in procurement costs, thereby mitigating the impact of price fluctuations on operating performance. • Policy Communication and Operating Rights Protection: Establish a dedicated task force to actively engage with provincial and local governments. Continuously monitor policy developments and propose solutions to safeguard the stability and integrity of franchise operating rights. • Clearly Define Responsibilities and Authorities: First, define product quality standards and after-sales responsibilities in contracts signed with brand owners. Second, include relevant responsibility statements on the platform. Third, verify the quality and authenticity of products offered for sale through regular spot checks and other methods to mitigate potential reputational risks.

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Major Risks	Description	Principal Mitigation Measures
Metering Risks	<ul style="list-style-type: none"> • Data and System Challenges: Meter reading errors and billing system failures may lead to customer disputes. Delays in gasification-rate data transmission pose a risk, making leakage data more difficult to monitor. • Multi-Medium Metering Equipment Challenges: Integrated energy projects involve multiple media, including cooling, heating, electricity, and gas, with complex and variable operating conditions. This places higher demands on diversified and specialised metering management, introducing new challenges. 	<ul style="list-style-type: none"> • Intelligent Metering and Billing: Reduce manual data entry, continuously optimise smart meter-reading and online payment systems, and iteratively enhance the metering support platform covering multiple media, including steam, cooling, heating, and electricity. • Equipment Calibration and Maintenance: Promote the standardisation of instrument technology and regularly calibrate metering equipment to ensure data accuracy and reliability. • Anomaly Monitoring and Closed-Loop Management: Establish models such as instrument failures, gas-volume anomalies, master-data abnormalities, enabling the system to issue timely alerts and support closed-loop management. • Customer Service Mechanism: Continuously improve customer-service response processes, promptly resolve customer disputes, and strengthen user trust.
Compliance Risks	<ul style="list-style-type: none"> • Corporate Governance Challenges: Risks of inadequate governance mechanisms may arise following business expansion or the acquisition of new companies. • Policy Uncertainty: Adjustments to energy policies, environmental regulations, and gas pricing policies create compliance pressures. • Insufficient Contract Management: Contracts are not managed through a full-lifecycle closed-loop process, posing performance risks. 	<ul style="list-style-type: none"> • Policy Tracking and Compliance Alignment: Continuously monitor regulatory policies, continuously optimise corporate governance mechanisms, and ensure that new businesses – such as new energy and green energy – align with policy directions. • Compliance Training and Governance Enhancement: Strengthen employee compliance training to improve compliance awareness and execution. Enhance corporate governance mechanisms to ensure the compliance of new businesses and acquired companies. Over the course of the year, fraud and compliance self-inspections were completed for more than 200 companies, with no major administrative penalties incurred. • Full Lifecycle Contract Management: Build a one-stop intelligent contract management system that integrates the entire process – counterparty due diligence, templates, drafting, review, signing, effective date, performance, and termination. Achieve closed-loop contract management to reduce compliance and performance risks.

Major Risks	Description	Principal Mitigation Measures
Investment Risks	<ul style="list-style-type: none"> • Property Rights and Compliance Challenges in Construction Investment: Incomplete property rights procedures or missing compliance documentation hinder the processing of ownership certificates. • Asset Delivery Risk: Delays in progress or quality issues result in delivery falling short of expectations. • Integration Pressure: Under the “one city, one enterprise” policy, non-premium projects present potential safety risks. • Revenue Uncertainty: Major customer production stoppages or expiration of operating rights create revenue uncertainty. • Safety Compliance Risk: With enhanced industry regulation, pressure on safety investment continue to increase. • Investment Return Fluctuation Risk: Intense competition in the integrated energy market, coupled with fluctuations in customer production capacity in response to market changes, impacts the payback period for integrated energy investments. 	<ul style="list-style-type: none"> • Strengthen Preliminary Research and Assessment: Enhance project feasibility analysis and adjust investment strategies in a timely manner. • Establish Post-investment Supervision Mechanism: Improve post-investment monitoring and evaluation to enhance project execution and management capabilities. • Flexible Cooperation Models: Explore approaches such as equity participation and resource swaps to jointly develop projects with partners. • Review and Adjust Operational Strategy: Conduct regular reviews of integrated energy projects and flexibly adjust operational strategies based on market dynamics. • Risk Identification and Rectification: Establish a safety compliance review mechanism and formulate rectification plans to ensure risks remain under control. • Digital and Intelligent Full-lifecycle Management: Utilise refined and intelligent tools to dynamically manage the entire contract process, strengthen the identification and early warning of long-term contract execution risks in the later stage, ensure performance stability and compliance, and reduce investment risks.
Digital and Intelligent Risk	<ul style="list-style-type: none"> • Security Threats from New Technologies: Applications such as artificial intelligence and large models introduce new risks such as data manipulation and privacy attacks. • External Attacks and Data Leakage: Hacker ransomware and cyberattacks may cause business interruptions and lead to the disclosure of sensitive information. • Compliance and Data Governance Pressure: The implementation of new regulations imposes higher requirements. Inconsistent data standards and insufficient data quality undermine decision-making and system stability. 	<ul style="list-style-type: none"> • Strengthen Security Protection: Enhance defensive capabilities and address vulnerabilities; establish AI security governance rules and mechanisms, improve intelligent monitoring, early warning, and emergency response plans, and conduct regular drills. • Optimise Endpoint Protection: Minimise necessary internet exposure while ensuring robust protection, conduct regular risk monitoring, ensure timely handling and closed-loop management, and reinforce foundational security. • Compliance Management: Continuously monitor regulatory policies and improve data compliance processes. • Data Governance Enhancement: Promote data standardisation and quality management to ensure data accuracy and interoperability.

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Major Risks	Description	Principal Mitigation Measures
Brand Risk	<ul style="list-style-type: none"> • Policy and Industry Challenges: Adjustments in national policies and changes in the industry ecosystem may affect brand stability. • Customer Relations: Safety incidents or service-quality issues may undermine public trust. • Public Opinion Pressure: Public discourse may amplify negative events, creating systemic brand risks. 	<ul style="list-style-type: none"> • Address Root Causes and Enhance Brand Performance: Establish a closed-loop process of “monitoring – assessment – handling – remediation”, shorten response cycles, implement defined timeliness standards, and utilise 24-hour rolling updates to alert, supervise, and address delayed responses or inadequate handling. • Root Cause Governance: Establish a joint assessment mechanism for “brand risk – business vulnerabilities” to transform public opinion pressure into momentum for governance improvement, achieving fundamental solutions. • Predictive Optimisation: Apply data analytics to identify and proactively mitigate risks. • Strengthen Reputation: Enhance brand communication and transparent disclosure, and conduct proactive crisis public relations. • Preventive Control: Establish an early-warning system to enhance risk resilience.
Climate Risk	<ul style="list-style-type: none"> • Extreme Weather Challenges: Abnormal climate conditions may affect the safety and stability of gas supply. • Policy Pressure: Carbon neutrality policies require greater efforts in new energy transformation. 	<ul style="list-style-type: none"> • Enhance Reserve Capacity: Strengthen gas supply reserves and peak-shaving capabilities to ensure supply stability. • Low-carbon Strategy: Continue advancing the Green Action 2030 initiative, integrate climate response with financial considerations, and promote the development of low-carbon fuels and new energy in alignment with policy directions. • ESG Integration: Enhance the ESG strategy and reinforce green governance and sustainable development. • Training: Expand employee training on ESG risk awareness and leverage products to support capability enhancement.
Financial Risk	<ul style="list-style-type: none"> • Tax Pressure: Local economies are under strain, and the tax collection and management environment is becoming stringent. • Credit Risk: The economic downturn, combined with trade wars, heightens the credit risk of counterparties. • Market Fluctuations: Volatility in foreign exchange rates and commodity prices impacts profitability and cash flow. 	<ul style="list-style-type: none"> • Tax Governance: Strengthen the identification and early warning of key tax risks, advance digital and intelligent capabilities, and review tax-related risks associated with new businesses activities. • Credit Management: Enhance customer credit-risk control and promote effective debt resolution. • Risk Hedging: Utilise derivative financial instruments, including options and swaps, to hedge exposures to commodity and foreign exchange risks.

The Management conducts a comprehensive review of the Group's risk management and internal control systems by gathering information from subsidiaries and submits written reports to the Risk Management Committee and Audit Committee for review and approval every six months. The Management has provided written confirmation to the Audit Committee and the Board that for the year ended 31 December 2025, no major control failures occurred or major control weaknesses were discovered and the Group's risk management and internal control systems (including financial control, operational control and compliance control), as well as the procedures for financial reporting and compliance with the Listing Rules, were effective and adequate. During the year, the Board confirmed that it has fulfilled its responsibilities for the issuer's risk management and internal control systems. After reviewing the results provided by the Audit Committee, the Board has confirmed the Group's risk management and internal control systems are effective and adequately achieve the objectives set out in Principle D2 of the CG Code.

In addition to the above measures, the Company continues to deepen the construction of risk culture, regularly conducts risk prevention and management training, and enhances employees' awareness and response capabilities to risks. With the help of ENN iCome platform, risk maps are pushed to all employees. Employees can find risk scenario descriptions and analyses of related businesses through R search, which enhances the Company's overall awareness and attention to risk management and control, makes the concept of risk deeply rooted in the hearts of the people, and builds a strong ideological defense line for the Company's stable development.

Internal Audit Team

The Group has an internal audit team that regularly reviews the adequacy and effectiveness of the Group's risk management and internal control systems. The internal audit team formulates the annual internal audit plan based on a risk assessment to ensure that business activities with higher risks are most frequently covered and submits it to the Audit Committee for approval. It reports the review results to the Audit Committee every six months and makes recommendations to the Management and the Board to improve major deficiencies in the system or control deficiencies discovered. The team has access to all company information, covering financial, operational, compliance, and ESG areas, in order to perform its audit duties. The Management attaches great importance to the issues found in the audit and has put forward rectification requirements. The audit department promotes the implementation of relevant rectification work to ensure the effectiveness and continuous improvement of risk management. A closed-loop mechanism of "identification – rectification – verification – reassessment" has been established to ensure the effectiveness of risk management. In addition, the Group has incorporated risk control effectiveness into the performance appraisal system. It conducts risk assessments and formulates response plans at the beginning of each year, evaluates risk responses every quarter and incorporates them into the appraisal, and conducts an overall assessment at the end of the year and links it with performance incentives.

The Board ensures that the Company has adequate resources in accounting, internal audit, financial reporting and ESG functions, that employees have relevant qualifications and experience, and that training plans have been developed to support employee development and relevant budgets have been allocated to employees.

Whistleblowing Policy and Anti-Fraud Policy

The Company is committed to achieving and maintaining the highest corporate cultures of openness, probity and accountability. Apart from setting up a strict "Compliance Code" and "Policy on Anti-Fraud, Corruption and Bribery", a whistleblowing policy is also in place to create a system for the employees and business partners to report directly to the internal audit department in confidence for any serious concerns of the Company about suspected fraud, corruption and bribery and other improprieties. The internal audit department conducts investigations according to procedures and the identity of whistleblower will be kept confidential. The Group will take accountability into practice according to the investigation results and those who violate the laws will be pursued for legal responsibilities. In case of any fraud, corruption and bribery cases that have a significant impact or loss on the Company, the Management will timely report to the Audit Committee and the Board. For details, please refer to "Whistleblowing and Whistleblower Protection Policy", "Compliance Code" and "Policy on Anti-Fraud, Corruption and Bribery" on the Company's website. The internal audit team regularly reviews the whistleblowing policy. During the year, the internal audit team reported twice to the Audit Committee on the situation of whistleblowing cases.

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Inside Information

Regarding the disclosure of inside information, the Company has a mechanism in place for monitoring its business development so that potential inside information can be promptly identified and escalated. In determining whether certain information constitutes inside information, the Company adopts a bottom-up approach to obtaining information about business developments. The final decision on the outcome of the inside information assessment shall rest with the Board. The Board will ensure the Company follows the requirements to disclose inside information in accordance with the SFO and the Listing Rules and conducts its affairs with close regard to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission to promote consistent disclosure practices. The Company designates the directors of the Company, the Chief Financial Officer/Deputy Chief Financial Officer, the Company Secretary and staff responsible for investor relations who is properly delegated to speak on behalf of the Company when communicating with external parties such as investors, analysts or media. Other internal control measures such as limiting the number of employees on a need-to-know basis and Management preview, designation of project codes and assignment of project coordinators to monitor the maintenance of confidentiality for the projects, etc., are instituted in the internal controls. The Company has also included in its Code of Conduct a strict prohibition on the unauthorised use of confidential or inside information. The Company’s “Information Disclosure Policy” is available on the Company’s website.

During the reporting period, the Company sought for advice from the compliance advisor in accordance with the requirements of information disclosure under the SFO and the Listing Rules from time to time. The Board is of the view that the Company’s procedures on internal control of handling and disseminating inside information are effective.

Non-compete Undertakings

In order to protect the best interests of the Group and uphold the integrity of independence from its controlling shareholder, the Company entered into the Deed of Non-compete Undertakings with its controlling shareholder on 18 April 2002, which was amended by entering the Supplemental Deed of Non-competition on 21 November 2013 to specify the restricted scopes of business. Such amendment was approved by an extraordinary general meeting held on 30 December 2013. Details of the amended Deed of Non-compete Undertakings are set out in the circular of the Company dated 9 December 2013.

Company Secretary

The Company Secretary is a full-time employee of the Company and has the knowledge of the daily affairs of the Company. The Company Secretary reports to the Chairman of the Board on corporate governance issues and is responsible for providing assistance to the Chairman, the Board and Board committees, and ensures good information flow within the Board and the policies and meeting procedures of the Board are followed, as well as organising and arranging for directors to attend new regulatory training, relevant seminars, and courses.

During the year, the Company Secretary confirmed that she undertook no less than 15 hours of professional training to update her skills and knowledge in accordance with the requirement under Rule 3.29 of the Listing Rules. Her biography is set out on page 34 of this Annual Report under the section headed “Directors and Senior Management” and on the Company’s website.

Communication with Shareholders

Effective communication

The Board believes that effective communication of full and clear information of the Company is the key to enhance corporate governance standards and shareholders’ confidence. The Company has adopted its “Shareholders Communication Policy” and conducts a regular review with an aim to confirm its effectiveness and ensure our shareholders are provided with timely, consistent and easily understandable access to comprehensive information about the Company (including the Group’s financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable our shareholders to exercise their rights in an informed manner, and to allow our shareholders to engage actively with the Company.

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities, including issue/publication of, among others, annual report and interim report, announcement, circular and press release both in English and Chinese, in order to provide our shareholders and the capital market with the Company’s latest development, these information are posted and made available for downloading at the Company’s website. Constantly being updated in a timely manner, the website contains a wide range of additional information on the Group’s business activities.

As a part of the day-to-day investor relations programme, the senior management hold regular briefings with institutional investors and financial analysts as well as media, and announces our annual and interim results. To facilitate communications with our shareholders and the capital market, Directors and designated staff members maintain dialogue with investors and analysts through face-to-face interaction, road show and investors relation promotion activities.

The AGM provides a constructive communication platform, the Company encourages shareholders to attend AGM to ensure a high level of accountability and allow our shareholders to timely understand the strategy and development of the Group. The Company will arrange the Chairman of the Board and the respective chairman of each of the Board committees, or if failing so due to unexpected and/or uncontrollable reasons, his/her duly appointed delegate(s), to attend the general meetings to communicate with shareholders and answer their questions. All directors are encouraged to attend general meetings and develop a balanced understanding of the views of shareholders.

The external auditor will also be invited to attend the AGM of the Company to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor's independence.

The notice of the AGM is distributed to all shareholders at least 21 days prior to such AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. Separate resolutions are proposed on each substantially separate issue, including the election or re-election of each Director nominated. To ensure the votes cast are properly counted and recorded, it is the practice of the Company to appoint representatives of its branch share registrar as scrutineer of the voting procedures in general meetings.

During the year, the Company's principal communication channels with shareholders and shareholder engagement activities were as follows:

Channel	Focus on 2025	Company representatives involved and their participation
AGM	<p>The AGM was held at the Tianshan and Lushan, Rooms, Level 5, Island Shangri-La Hotel, Two Pacific Place, Supreme Court Road, Central, Hong Kong on 23 May 2025. All ordinary resolutions proposed at the AGM were passed with over 50% of the votes in favor, with a turnout rate of 73%. The principal resolutions reviewed and approved at the AGM included:</p> <ul style="list-style-type: none"> • Review and consideration of the audited consolidated financial statements, the directors' report, and the independent auditor's report for the year ended 31 December 2024; • Declaration of a final dividend of HK\$2.35 per share for the year ended 31 December 2024; • Re-election of retiring directors and authorisation of the Board to determine their directors' remuneration; • Re-appointment of the external auditor and authorisation of the Board to determine its remuneration; and • Granting of general mandates to the directors to issue new shares and to repurchase shares of the Company. <p>The full text of the above resolutions was set out in the Company's notice of AGM dated 16 April 2025, which provided a notice period longer than that required under the Listing Rules. The results of the poll voting at the AGM were published on the websites of the Stock Exchange and the Company.</p>	<p>The AGM was convened in a hybrid format combining online and physical participation to encourage greater shareholder attendance. Shareholders who were unable to attend in person could participate virtually and submit questions. The chairman of the Board and the chairpersons of the Board committees attended the meeting. For the attendance record of directors, please refer to the "Directors' Attendance" section above. In addition, the external auditor was also present to answer shareholders' questions.</p>

CORPORATE
GOVERNANCE REPORT

Channel	Focus on 2025	Company representatives involved and their participation
Analyst Briefing Sessions and Roadshows	Analyst briefing sessions were held in connection with the Group's interim and annual results, as well as quarterly operational data. During these sessions, the Group presented its financial performance, business progress, and strategic direction to investors, analysts, and fund managers from Hong Kong, Mainland China, Japan, Singapore, the United Kingdom, Europe, and North America, while also responding promptly to market concerns.	Participated by senior management, including the Chief Executive Officer, President, Chief Financial Officer, Deputy Chief Financial Officer, Chief Director of Investor Relations and Sustainability and etc.
Other Investor Meetings	A total of more than 400 one-on-one and group investor meetings were held, attended by over 300 investment institutions. During those meetings, directors and Management engaged in interactive discussions with participants on topics such as business performance and strategic planning, and responded to inquiries on the spot. Shareholder and investor suggestions and feedback were actively followed up and addressed by Management.	Participated by senior management, including the Deputy Chief Financial Officer, Chief Director of Investor Relations and Sustainability and etc.
Spring Banquet	A Spring Banquet was co-organised with ENN-NG, inviting over 38 investment institutions and business partners, with a total of 54 attendees. Through relaxed and interactive engagement, the event deepened the capital market's understanding of the Company's value and strategy.	Participated by a total of 10 directors, including the Chairman, along with senior management such as the Deputy Chief Financial Officer, the Chief Director of Investor Relations and Sustainability and etc.
Site Visits	One shareholder site visit was held, with four institutional shareholder representatives participating. During the site visits, directors and Management engaged in interactive exchanges with shareholders and responded to inquiries on the spot. Suggestions and feedback raised by shareholders were also followed up and addressed by the Management.	Participated by senior management, including the Chief Director of Investor Relations and Sustainability and etc.
Corporate Communications	The Company's corporate communications documents, including the annual report, interim report, ESG report, and various circulars and announcements, are published on both the Company's website and the Stock Exchange's website, ensuring fair disclosure and comprehensive transparency. Which enables and enabling shareholders and the capital market to remain informed of the Company's latest developments in a timely manner. All materials are published in both Chinese and English on the Company's website and are available for download. The Company's website also provides further details on the Group's business activities and is updated regularly.	–
Dividend Information	A summary of the Company's Dividend Policy is set out in the "Results and Appropriation" section on page 70 of this annual report, which includes the key factors considered by the Board when recommending or declaring any dividend. The dividend payment record over the past ten years is set out in the "Shareholder Value" section on page 6 of this annual report.	The Board confirmed that all dividend decisions were made in accordance with the Company's Dividend Policy.

During the year, the Board reviewed the above arrangements and confirmed the effective implementation of the Shareholders Communication Policy.

Shareholders' rights

Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong Branch Share Registrar and Transfer Office.

Shareholders may make enquiries with the Board at the general meetings. Alternatively, shareholders may send written enquiries together with their contact details (such as postal address or email address) to the principal place of business of the Company in Hong Kong at Rooms 3101-04, 31st Floor, Tower 1, Lippo Centre, No. 89 Queensway, Hong Kong or to send e-mail to the Company (email address: enn@enn.cn).

Communication

Please note that the English and Chinese versions of all Corporate Communications are available on the Company's website at www.ennenergy.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. Shareholders who wish to receive the relevant printed materials should submit the request to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited.

A notice of publication of the Website Version of Corporate Communications, in both English and Chinese, will be sent by the Company to Shareholders by email or by post (only if the Company does not possess the functional email address of a Shareholder) on the publication date of the Corporate Communications. Shareholders have the right to change the choice of communication channel or language(s) at any time. Shareholders can make such changes by providing written notification or sending an email to ennenergy.ecom@computershare.com.hk.

Constitutional Documents

During the year, there were no changes in any of the Company's constitutional documents. The constitutional documents of the Company were published on the Company's website and the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

Procedures to convene extraordinary general meetings and putting forward proposals at general meetings

Pursuant to article 72 of the articles of association of the Company, any two or more members of the Company or any one member of the Company which is a recognised clearing house (or its nominee(s)) may convene a general meeting by depositing at the principal office of the Company in Hong Kong the written requisition specifying the proposed agenda and signed by the requisitionist(s), provided that such requisitionist(s) hold(s) as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition convene the meeting in accordance with the established procedures, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Subject to the articles of association of the Company and the law of Cayman Islands, the Company may by ordinary resolution at a general meeting elect any person to be a director either to fill a casual vacancy on the Board, or as an addition to the existing Board. Shareholders may nominate any person other than the directors of the Company to be a candidate for director at a general meeting, shareholders may refer to "Procedures for Putting Forward Proposals at General Meetings" under "Shareholders' Rights" on the Company website for details.

For details of the general meetings held during 2025, shareholders may refer to the relevant section under "Communication with Shareholders" in this report.

Investor Relations

The Company values the opinion from shareholders, investors and the public, therefore the Company established an investor relations department, which is responsible for communicating with institutional and other investors regularly, so as to enhance the transparency of the Group and collect opinions from the market.

Regular investor relations activities are conducted to facilitate the communications, including projects visits, non-deal roadshows, investor conferences, etc. Shareholders, investors and the media can make enquiries to the Company through the following means:

Hotline telephone number:	(852) 2528 5666/(86) 316 2599928
By fax:	(852) 2865 7204
By post:	Rooms 3101-04, 31st Floor, Tower 1, Lippo Centre, No. 89 Queensway, Hong Kong
Attention:	Ms. Liu Min Karen/Ms. Sun Mei/Ms. Qi Keran
By email:	ir@enn.cn

The latest information on investor relations is uploaded on the link <http://ir.ennenergy.com>.

DIRECTORS' REPORT

The Directors are pleased to present this Annual Report together with the audited Consolidated Financial Statements (the “Consolidated Financial Statements”) of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025.

Principal Activities

The Company is an investment holding company. The Group is principally engaged in investing in, constructing, operating, and managing gas pipeline infrastructure, as well as the sales and distribution of piped gas, LNG and other multi-energy products. The Group also provides commercial & industrial customers with intelligent services related to low-carbon integrated solutions and has developed diversified smart home business meeting the needs of residential customers.

A list of principal subsidiaries as of 31 December 2025 and their particulars are set out in Note 53 to the Consolidated Financial Statements.

Business Review

The Group's revenue is driven primarily from business activities conducted in China, an analysis of the Group's performance for the year by operating segment is set out in Note 6 to the Consolidated Financial Statements. The Company is committed to providing a more detailed and comprehensive review in different sections of this Annual Report about the Group's business in 2025, the relevant disclosures are set out below:

Disclosures	Relevant sections
(1) Fair review of the Group's business for the year ended 31 December 2025 (including an analysis using financial key performance indicators)	<ul style="list-style-type: none"> • Chairman's Statement (pages 14 to 17) • Management Discussion and Analysis (pages 18 to 27) • Financial Review (pages 24 to 26)
(2) Description of the principal risks and uncertainties facing by the Group	<ul style="list-style-type: none"> • Management Discussion and Analysis (pages 18 to 27) • Financial Review (pages 24 to 26) • Notes 4 and 50 to the Consolidated Financial Statements
(3) Particulars of important events affecting the Group that have occurred since the end of the financial year 2025	<ul style="list-style-type: none"> • Material Events After the Reporting Date and Contingent Liabilities (pages 26 to 27)
(4) Future development in the Group's business	<ul style="list-style-type: none"> • Chairman's Statement (pages 14 to 17) • Management Discussion and Analysis (pages 18 to 27)
(5) Compliance with the relevant laws and regulations that have a significant impact on the Company	<ul style="list-style-type: none"> • Section in this report • Corporate Governance Report (pages 35 to 67) • The Company's 2025 Environmental, Social and Governance Report
(6) The Group's environmental policies and performance	<ul style="list-style-type: none"> • Section in this report • Chairman's Statement (pages 14 to 17) • The Company's 2025 Environmental, Social and Governance Report
(7) The Group's relationship with key stakeholders	<ul style="list-style-type: none"> • Section in this report • The Company's 2025 Environmental, Social and Governance Report

Business Review *(continued)*

Environmental Policies and Performance

The Group's mission is "Building a Modern Energy System, Co-building a Better Ecology". With an aim to meet customers' needs, the Group leverages its clean energy reserve and transportation resources accumulated for a long time and develops the most efficient tailor-made energy solutions for clients through its system efficiency technology platforms. The Group reduced the harm to the environment caused by economic development by promoting clean energy and conducting energy saving and emission reduction projects. The Company has established a comprehensive net-zero pathway across all scenarios and put in place a dynamic climate risk management framework. In 2025, the Group achieved natural gas sales of 36,793 million cubic meters, equivalent to reducing the use of 16.54 million tons of standard coal and cutting carbon dioxide emissions by 49.40 million tons for society. In addition, the Group continues to promote low-carbon office practices internally and has set clear carbon reduction targets. The Group encourages employees to uphold an environmentally responsible attitude, striving to reduce resource consumption, minimise waste generation, and enhance recycling rates. At the same time, through the iCome training platform, the Group provides systematic online training for all employees to strengthen environmental awareness and practices.

For further details, please refer to the 2025 Environmental, Social and Governance Report. This report is an independent document and is published together with this annual report.

Compliance with Laws and Regulations

The Group understands the importance of complying regulatory requirements. The existing compliance procedures of the Group are in place to ensure adherence to applicable laws, rules and regulations, in particular those regulations which have a significant impact on the Group. The Board reviews and monitors the Group's compliance policies and practices to meet with relevant legal and regulatory requirements on a regular basis. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

Looking back on the year, to the best of our knowledge, the Group has complied with the Companies Laws of the Cayman Islands, the Companies Ordinance (Cap. 622, laws of Hong Kong), the Listing Rules, the Securities and Futures Ordinance (the "SFO"), and other relevant rules and regulations. In addition, the subsidiaries of the Group have also been complying with applicable local laws and relevant laws and regulations that have a significant impact on their business and operations. During the year, the Company was not aware of any particular laws and regulations that have a significant impact on the business and operation of the Group.

Relationships with Key Stakeholders

The Group upholds the highest standards of corporate governance to ensure operating in an ethical and transparent manner, and committed to protecting the rights and interests of stakeholders, including shareholders, customers, suppliers and employees. Therefore, the Group attaches great importance to the valuable opinions from the stakeholders, and actively understands their demands and expectations through two-way communication via engaging different channels and platforms, which provides a strong basis for the formulation and adjustment to the Group's sustainable development strategies.

Shareholders

The Group targets to foster business development for achieving sustainable earnings growth and rewarding shareholders by stable dividend payouts, taking into account capital adequacy levels, liquidity positions and business expansion needs.

Customers

Providing stable energy supply and quality services to customers are the foundation for sustainable development of the Company. The Group continues to promote the improvement of service quality, creates diversified services and communication channels, and is committed to providing customers with high quality services, safe energy and diversified smart home products. During the year, the percentage of the revenue attributable from the Group's five largest customers was approximately 3.84%, while the largest customer was approximately 1.32%. None of the directors, their associates or any shareholder (which to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in the major customers' noted above.

Suppliers

Suppliers are important partners for achieving the sustainable development of the Company. The Group continues to optimise the supply chain management system, and is committed to fostering shared growth with ecosystem partners. During the year, the percentage of the purchases attributable from the Group's five largest suppliers was approximately 15.47%, while the largest supplier was approximately 4.33%. None of the directors, their associates or any shareholder (which to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in the major suppliers noted above.

Employees

We deeply understand the success of our Company depends on the contributions of our employees, therefore we regard our employees as valuable assets of the Group. The Group has diversified talent training programs, to ensure that employees continue to add value and make the greatest contribution to the Group. Meanwhile, through an established system we encourage employees to mobilise internally between different departments, strengthen collaboration, cultivate more "all-rounded" talents who have deepened understanding about the Group's business. Additionally, we provide special training to potential management trainees to prepare for long-term succession of talents within the Group.

DIRECTORS' REPORT

Results and Appropriation

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 90 in this Annual Report.

The Company's Dividend Policy allows shareholders to share the Company's profits while reserving sufficient reserves for the Group's future development. Provided the Group is profitable and without affecting the normal operation, the Company intends to share its profit with shareholders in the form of annual dividend in an amount of no less than 15% of the Group's annual consolidated profit attributable to the owners of the Company. Proposed dividends, if any, will be declared at the discretion of the Board and will comprehensively consider multiple factors, including but not limited to the Group's general financial conditions and strategies, expected operating capital requirement, future expansion plans, profitability surplus, contractual restrictions, actual and expected government financial conditions, macroeconomics and such other factors as the Board may deem relevant. Beginning in fiscal year 2021, the Company had distributed its full-year dividends by two tranches.

The Board, having considered the factors under the Dividend Policy, recommend the payment of a final dividend for the financial year 2025 of HK\$2.35 (equivalent to approximately RMB2.12) per ordinary share to the shareholders on the register of members on Thursday, 4 June 2026 (the "Record Date"). The distributions to shareholders are subject to the approval by shareholders at the 2026 AGM to be held on Wednesday, 27 May 2026, and are expected to be paid to shareholders on or before Friday, 31 July 2026. For the purpose of ascertaining shareholders who are entitled to the final dividend, the register of members of the Company will be closed from Wednesday, 3 June 2026 to Thursday, 4 June 2026, both days inclusive, during which period no transfer of shares of the Company will be effected. Together with the interim dividend of HK\$0.65 (2024: HK\$0.65) (equivalent to approximately RMB0.59 (2024: RMB0.59)) per share, total annual dividends proposed amounted to HK\$3.00 (equivalent to approximately RMB2.71) per share.

The Company has consistently been committed to providing its shareholders with sustainable and stable dividend arrangements. For details of the historical dividend record, please refer to page 6 of this annual report.

Withholding and Payment of Enterprise Income Tax for Non-Resident Enterprises in respect of the 2025 Final Dividend

According to the "Notice Regarding Matters on Determination of Tax Residence Status of Chinese-Controlled Offshore Incorporated Enterprises under Rules of Effective Management", the Enterprise Income Tax (EIT) Law of the PRC and the Implementation Rules, the Hebei Provincial Tax Service of the State Administration of Taxation of the PRC issued an approval confirming that the Company is treated as a Chinese resident enterprise, with effect from 2022. Accordingly, when the Company distributes the 2025 final dividend to non resident enterprise shareholders, it shall withhold and pay 10% of the enterprise income tax.

In respect of all shareholders whose names appear on the Company's register of members as at the Record Date who are not individuals (including HKSCC Nominees Limited ("HKSCC"), corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the 2025 final dividend after deducting an enterprise income tax of 10%. The Company will not withhold and pay the individual income tax in respect of the 2025 final dividend payable to any natural person shareholders whose names appear on the Company's register of members as at the Record Date.

If any resident enterprise (as defined in the EIT Law) listed on the Company's register of members as at the Record Date does not desire to have the Company withholding and paying the said 10% enterprise income tax, it shall lodge with Computershare Hong Kong Investor Services Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay the enterprise income tax in respect of the dividends that it is entitled to, not later than 4:30 p.m. on Wednesday, 20 May 2026. Reference is made to the circular issued by Hong Kong Securities Clearing Company Limited on 29 July 2009 regarding the withholding and payment of enterprise income tax for overseas non-resident enterprise shareholders by domestic enterprises of the PRC and Chinese-controlled offshore incorporated enterprises. If investor participants, who are individuals or resident enterprises (as defined in the EIT Law and the relevant policies and regulations; and as stated in the enterprises' relevant announcements), do not wish enterprise income tax to be withheld from the dividend payable to them, they may consider withdrawing their shares from HKSCC and transferring the legal title of the relevant shares into their own name by the latest registration date as stipulated by the relevant enterprises. If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees.

Results and Appropriation *(continued)*

Withholding and Payment of Enterprise Income Tax for Non-Resident Enterprises in respect of the 2025 Final Dividend *(continued)*

As stated in the Company's announcement dated 30 June 2022 regarding the withholding and payment of enterprise income tax for non-resident enterprises. All investors who invest in the shares of the Company through the Shanghai Stock Exchange or the Shenzhen Stock Exchange (the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect investors), whether natural persons or enterprises, are investors who hold shares of the Company through HKSCC, and the Company will pay to HKSCC the dividend amount of the relevant year after withholding 10% enterprise income tax in accordance with the abovementioned requirements. If investors meet the criteria outlined in the "Notice on the Pilot Program of the Shanghai-Hong Kong Stock Market Connect Mechanism Regarding Tax Policies (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Caishui [2014] No. 81)", tax credit may be applied based on specific circumstances and in accordance with Article 1, item numbers (3) and (4) of the "Notice on the Tax Policies Related to the Pilot Program of Shenzhen-Hong Kong Stock Market (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Caishui [2016] No.127)". If investors do not wish for the dividend income they receive to be subject to withholding and payment of enterprise income tax, they should submit a shareholding balance certificate issued by China Securities Depository and Clearing Corporation Limited ("CSDC") to the Company within 10 days before the expected dividend payment date (i.e. 31 July 2026), and subsequently submit a dividend receipt certificate issued by CSDC after the dividend distribution, then, after the Company completes the declaration for withholding and payment of tax with the Hebei Provincial Tax Bureau of the State Administration of Taxation of China, the Company will arrange for a refund of the withheld enterprise income tax to the investor as soon as possible. Investors are required to file and pay taxes on their own initiative.

The Company will withhold and pay the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of withholding and payment of enterprise income tax.

The address of Computershare Hong Kong Investor Services Limited is Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Financial Summary

Details of the summary of the published financial information of the Group for the past ten financial years are set out on pages 12 to 13 of this Annual Report.

Property, Plant and Equipment

Details of the movements during the year in property, plant and equipment of the Group are set out in Note 15 to the Consolidated Financial Statements.

Share Capital

During the year, the Company issued 614,989 ordinary shares upon the exercise of share options granted in prior years, pursuant to the Company's Share Option Scheme, for an aggregate consideration of HK\$24,808,656.

Details of movements during the year in the share capital of the Company are set out in Note 39 to the Consolidated Financial Statements.

Equity-Linked Agreements

Save for Share Option Schemes and Share Award Scheme as disclosed in this Annual Report, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

Pre-emptive Rights

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

Purchase, Sale or Redemption of Listed Securities

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares).

Reference is hereby made to the announcements of the Company dated 19 September 2023 and 23 September 2024 regarding the Board approved the utilisation of up to USD100 million equivalent in HKD and up to HK\$300 million, for instructing the Trustee to purchase the Company's ordinary shares listed on the Main Board of the Stock Exchange for the purpose of the Share Award Scheme, and to utilise up to HK\$300 million to buy-back Shares from the open market. As at 31 December 2025, the trustee cumulatively held 19,984,600 awarded shares of the company, representing approximately 1.77% of the issued share capital of the Company.

DIRECTORS' REPORT

Treasury Shares

As at 31 December 2025, the Company did not hold any treasury shares (2024: Nil).

Reserves

According to the applicable laws of the Cayman Islands, the Company's reserve available for distribution as at 31 December 2025 amounted to RMB5,440 million.

Details of movements during the year in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on page 93 to 94 of this Annual Report and Note 54 to the Consolidated Financial Statements.

Bank and Other Loans

Details of bank and other loans of the Group are set out in the Financial Review on pages 24 to 25 of this Annual Report and Note 40 to the Consolidated Financial Statements.

Directors

The list of Directors of the Company during the year and up to the date of this report is set out below:

Executive Directors:

Mr. Wang Yusuo

Mr. Zhang Yuying

Mr. Gong Luojian (appointed on 25 February 2025)

Mr. Liu Jianfeng (resigned on 25 February 2025)

Mr. Wang Dongzhi

Ms. Zhang Jin

Ms. Su Li (appointed on 25 February 2025)

Mr. Jiang Chenghong (resigned on 25 February 2025)

Non-executive Director:

Mr. Wang Zizheng

Independent Non-executive Directors:

Mr. Ma Zhixiang

Mr. Yuen Po Kwong

Mr. Law Yee Kwan, Quinn

Ms. Wong Lai, Sarah

In accordance with article 99 of the Company's Article of Association, no Director shall retire at the forthcoming AGM of the Company, while in accordance with article 116 of the Company's Article of Association, Mr. Zhang Yuying, Mr. Wang Zizheng, Mr. Law Yee Kwan, Quinn and Ms. Wong Lai, Sarah, shall retire by rotation at the forthcoming AGM of the Company. All the above retiring Directors are eligible and offer themselves for re-election. Details of these Directors proposed for re-election are set out in the circular sent together with this Annual Report.

As of 31 December 2025, none of the Directors had entered, or proposed to enter, into any service contract with any members of the Group which does not expire or is not determinable by the Group within one year without compensation (other than statutory compensation).

The Company has received an annual confirmation from each independent non-executive director with each confirming his/her independence pursuant to rule 3.13 of the Listing Rules, and the Company still considers such Directors as independent of the Company.

The biographical details of the Directors of the Company are set out on pages 28 to 32 of this Annual Report.

Permitted Indemnity Provision

Based on the articles of association of the Company, every directors shall be indemnified out of the assets of the Company against all loss or liability incurred or sustained by him or her as such director in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favour, or in which he or she is acquitted.

The Company has purchased insurance to cover the liabilities and costs associated with defending any proceedings which may be brought against the directors of the Company.

Disclosure of Interests

Directors' interests or short positions in shares, underlying shares and debentures

As at 31 December 2025, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, as set out in Appendix C3 to the Listing Rules on the Stock Exchange, were as follows:

(a) The shares of the Company

Name of Director	Capacity	Personal interests	Corporate interests	Interests in share options	Interest in Awarded Shares (Note 2)	Total interests	Approximate percentage of the Company's total issued share capital
Wang Yusuo ("Mr. Wang")	Interest of controlled corporation	–	387,768,034 (Note 1)	–	–	387,768,034	34.26%
Zhang Yuying	Beneficial owner	10,000	–	–	80,000	90,000	0.01%
Wang Dongzhi	Beneficial owner	25,800	–	–	–	25,800	0.00%
Su Li	Beneficial owner	6,000	–	–	–	6,000	0.00%
Ma Zhixiang	Beneficial owner	–	–	60,000	–	60,000	0.01%
Yuen Po Kwong	Beneficial owner	–	–	60,000	–	60,000	0.01%
Law Yee Kwan, Quinn	Beneficial owner	–	–	44,000	–	44,000	0.00%

Notes:

- Such shares are beneficially owned by Mr. Wang and Ms. Zhao Baoju ("Ms. Zhao"), the spouse of Mr. Wang through their controlled corporations, including ENN Yingchuang Technology Co., Ltd. ("EYCT"), Langfang City Natural Gas Company Limited ("LCNG"), ENN Capital Management Co., Ltd. ("ECM"), ENN Investment Holdings Company Limited ("EIH"), ENN Group International Investment Limited ("EGII"), ENN Natural Gas Co., Ltd. ("ENN-NG") and Xinneng (Hong Kong) Energy Investment Limited ("Xinneng HK").
- Awarded Shares refer to shares of the Company granted under Share Award Scheme adopted by the Company on 30 November 2018.
- As at 31 December 2025, the Company had 1,131,839,264 shares in issue.

Details of the Directors' interests in share options and Awarded Shares granted by the Company are set out under the heading "Share based Compensation Scheme" in this report.

DIRECTORS' REPORT

Disclosure of Interests (continued)

Directors' interests or short positions in shares, underlying shares and debentures (continued)

(b) The shares of the associated corporation

Company Name	Name of Director	Capacity	Number of shares	Subscribed share capital RMB	Percentage of share capital
EYCT*	Mr. Wang	Beneficial owner (Note 1)	–	50 million	100%
LCNG*	Mr. Wang	Beneficial owner and interest of controlled corporation (Note 1)	–	123 million	100%
ECM*	Mr. Wang	Interest of controlled corporation	–	1,200 million	100%
EIH*	Mr. Wang	Beneficial owner and interest of controlled corporation (Note 1)	8,000,000,000	–	100%
EGII	Mr. Wang	Interest of controlled corporation	1,000	–	100%
ENN-NG	Mr. Wang	Beneficial owner and interest of controlled corporation	2,243,499,808	–	72.44%
Xinneng HK	Mr. Wang	Interest of controlled corporation	2,132,377,984	–	72.44%
Beijing Xinyi Aile Cultural and Technology Company Limited*	Mr. Wang	Beneficial owner and interest of controlled corporation	–	800 million	80%
Xinyi Theater (Langfang) Culture Development Company Limited*	Mr. Wang	Beneficial owner and interest of controlled corporation	–	10 million	100%
ENN Group Co., Ltd.*	Mr. Wang	Beneficial owner and interest of controlled corporation	7,476,603,935	–	99.69%
Yicheng Yijia Internet Technology Company Limited*	Wang Zizheng	Beneficiary of a trust	–	6.93 million	1%
Xin'ao Data IT Company Limited*	Wang Zizheng	Beneficial owner and interest of controlled corporation	–	500 million	8%
ENN-NG	Zhang Yuying	Beneficial owner (Note 2)	1,750,000	–	0.06%
ENN-NG	Gong Luojian	Beneficial owner (Note 2)	897,500	–	0.03%
ENN-NG	Wang Dongzhi	Beneficial owner (Note 2)	525,000	–	0.02%
ENN-NG	Zhang Jin	Beneficial owner (Note 2)	682,500	–	0.02%
ENN-NG	Su Li	Beneficial owner (Note 2)	1,145,000	–	0.04%

* For identification purpose only

Notes:

- Such shares are beneficially owned by Mr. Wang and Ms. Zhao.
- Such interests refer to the restricted ordinary shares of ENN-NG granted and to be issued to them pursuant to the restricted share award scheme adopted by the company on (1) 26 March 2021; and (2) 18 February 2025. These restricted ordinary shares are subject to the restrictions on sale of the scheme and shall be lifted in batches according to the relevant terms after meeting the conditions for lifting the restrictions. Therefore, such interests include both unlocked and still-locked restricted shares. Details of the scheme are set out in the announcements of ENN-NG (stock code: 600803.SH) published on the Shanghai Stock Exchange on (1) 21 January 2021, 9 February 2021 and 26 March 2021; and (2) 22 January 2025, 6 February 2025, 18 February 2025 and 18 October 2025, respectively.

Disclosure of Interests *(continued)***Directors' interests or short positions in shares, underlying shares and debentures** *(continued)**(c) The debenture of the Company*

Name of the Debenture	Name of Director	Capacity	Capital USD
2.625% Green Senior Notes Due 2030 (Stock Code: 40383)	Mr. Wang	Interest of controlled corporation (Note)	30,024,000

Note: Such debentures are beneficially owned by Mr. Wang, through his controlled corporations, including EYCT, LCNG, ECM, EIH, EGII, ENN-NG and Xinneng HK.

Save as disclosed above, as at 31 December 2025, there were no other interests or short positions of the Directors and chief executives in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) in the register maintained by the Company pursuant to section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules.

Share-based Compensation Scheme

The Company operates share option schemes (“Share Option Schemes”) and share award scheme (“Share Award Scheme”) for the purpose of attracting, retaining and incentivising major employees. The eligible persons for the schemes include employees (including directors) and business consultants who contributed to the success of the Company. The Company has also formulated Shares and Options Management Regulations as the Company’s management guidelines for granting share options and Awarded Shares. The purpose of this management regulations refers to the implementation of the Company’s concept of value sharing, co-creation and sharing, aligning the interests of selected persons and shareholders, focusing on the Company’s medium and long-term business, and promoting the long-term sustainable development of the Group. The Board may, depending on the circumstances, impose any conditions, restrictions or limitations it may at its absolute discretion think fit when making an offer. With regard to the Share Option Schemes, grantees have a period of 28 days from the proposed grant date to accept the share options. Upon acceptance, grantees are required to pay HK\$1 to the Company. Grantees who intend to accept the awarded shares from the Company submit the acceptance form within 5 business days from the proposed grant date.

The number of share options granted to employees (including directors) and business consultants under the Share Option Schemes depends on their roles. Three to four years as a cycle, and the granted share options would be vested equally in three or four years. If the roles of the employees (including directors) and business consultants granted during the cycle are adjusted or their evaluation results exceed expectations or there are newly selected participants, the Company may grant them Awarded Shares as a supplement, the vesting conditions and mechanisms will be consistent with the Share Option Schemes. The Chairman of the Board and non-executive directors of the Company do not have performance targets, but they must be remained employed by the Company by the time of vesting. Moreover, other directors and employees are subject to performance targets. The performance targets cover both financial indicators and non-financial indicators, among them, financial indicators mainly include sales revenue, net profit, and per capita profit, while non-financial indicators include sales volume, capacity building, industrial coordination, risk management and control. Those performance targets are formulated and allocated based on the Group’s long-term development goals, annual guidance and prioritised works. The performance target is set at the beginning of each year and strictly appraised at the beginning of the following year. In case of failure to meet the performance targets, unless in the discretion of the Board, the share options would be lapsed.

The Company’s Shares and Options Management Regulations has a return/withdrawal mechanism. The regulations state that if the grantee makes mistakes, errors, omissions, breaks rules or commits frauds during the performance of his duties, depending to the extent of loss brought to the Company and the seriousness, to decide whether to take action to return/withdraw current year’s or unvested share options and/or Awarded Shares. In addition, the share options and/or Awarded Shares may be lapsed for other reasons such as resignation, dismissal and job re-designation.

DIRECTORS'
REPORT**Share-based Compensation Scheme** *(continued)***Share Option Schemes***2012 Scheme*

The Company has adopted the “2012 Scheme” of the share option schemes pursuant to an ordinary resolution passed at an AGM of the Company held on 26 June 2012. Pursuant to the 2012 Scheme, the Company granted 12,000,000 share options (“2012 Scheme – Batch 1”) and 12,328,000 share options (“2012 Scheme – Batch 2”) on 9 December 2015 and 28 March 2019 respectively to employees (including directors) and business consultants who contributed to the success of the Group.

The 2012 scheme was early terminated by passing an ordinary resolution at the AGM held on 18 May 2022. Thereunder, no further options will be granted under the 2012 Scheme. Accordingly, the number of share options that may be granted under the 2012 Scheme as at 1 January 2025 and 31 December 2025 was nil; however, the rules of the 2012 Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its termination or otherwise as may be required in accordance with the rules of the 2012 Scheme. Therefore, the termination of the 2012 Scheme will not in any event affect the terms of the grant of such outstanding options that has already been granted under the 2012 Scheme and the below outstanding options granted under the 2012 Scheme shall continue to be subject to the provisions of the 2012 Scheme.

The following table discloses details of the Company's share options held by the employees (including directors), business consultants and other eligible participants, and movements in such holdings under the 2012 Scheme during the year:

Grantee	Date of grant	Exercise period (Note 1)	Exercise price (HK\$)	Number of shares subject to outstanding options as at 1 January 2025	Exercised during the year (Note 5)	Lapsed during the year	Cancelled during the year	Reclassified during the year	Number of shares subject to outstanding options as at
									31 December 2025 (Note 4)
2012 Scheme – Batch 1									
Directors	09.12.2015	01.04.2017–08.12.2025	40.34	15,000	–	–	(15,000)	–	–
	09.12.2015	01.04.2018–08.12.2025	40.34	15,000	–	–	(15,000)	–	–
	09.12.2015	01.04.2019–08.12.2025	40.34	15,000	–	–	(15,000)	–	–
	09.12.2015	01.04.2020–08.12.2025	40.34	15,525	–	(525)	(15,000)	–	–
Employees	09.12.2015	01.04.2017–08.12.2025	40.34	68,250	(68,200)	(50)	–	–	–
	09.12.2015	01.04.2018–08.12.2025	40.34	91,824	(91,699)	(125)	–	–	–
	09.12.2015	01.04.2019–08.12.2025	40.34	139,650	(137,300)	(2,350)	–	–	–
	09.12.2015	01.04.2020–08.12.2025	40.34	317,986	(317,790)	(196)	–	–	–
Sub-total				678,235	(614,989)	(3,246)	(60,000)	–	–

Share-based Compensation Scheme (continued)**Share Option Schemes** (continued)

2012 Scheme (Continued)

Grantee	Date of grant	Exercise period (Note 1)	Exercise price (HK\$)	Number of shares subject to outstanding options as at 1 January 2025	Exercised during the year (Note 5)	Lapsed during the year	Cancelled during the year	Reclassified during the year	Number of shares subject to outstanding options as at 31 December 2025 (Note 4)
2012 Scheme – Batch 2									
Directors	28.3.2019	01.04.2020–27.03.2029	76.36	15,000	–	–	–	(15,000)	–
	28.3.2019	01.04.2021–27.03.2029	76.36	113,500	–	(15,000)	(20,000)	(34,500)	44,000
	28.3.2019	01.04.2022–27.03.2029	76.36	371,200	–	(164,300)	(180,000)	33,100	60,000
	28.3.2019	01.04.2023–27.03.2029	76.36	530,900	–	(361,700)	(180,000)	70,800	60,000
Employees	28.3.2019	01.04.2020–27.03.2029	76.36	113,800	–	(113,800)	–	–	–
	28.3.2019	01.04.2021–27.03.2029	76.36	988,075	–	(981,075)	(26,500)	19,500	–
	28.3.2019	01.04.2022–27.03.2029	76.36	1,296,824	–	(1,222,024)	(26,700)	(48,100)	–
	28.3.2019	01.04.2023–27.03.2029	76.36	1,560,392	–	(1,447,892)	(26,700)	(85,800)	–
Business Consultants	28.3.2019	01.04.2020–27.03.2029	76.36	65,500	–	(65,500)	–	–	–
	28.3.2019	01.04.2021–27.03.2029	76.36	104,000	–	(104,000)	–	–	–
	28.3.2019	01.04.2022–27.03.2029	76.36	117,500	–	(117,500)	–	–	–
	28.3.2019	01.04.2023–27.03.2029	76.36	104,000	–	(104,000)	–	–	–
Other eligible participants (Note 3)	28.3.2019	01.04.2020–27.03.2029	76.36	15,000	–	–	–	–	15,000
	28.3.2019	01.04.2021–27.03.2029	76.36	15,000	–	–	–	–	15,000
	28.3.2019	01.04.2022–27.03.2029	76.36	15,000	–	–	–	–	15,000
	28.3.2019	01.04.2023–27.03.2029	76.36	15,000	–	–	–	–	15,000
	28.3.2019	01.04.2020–24.08.2025	76.36	–	–	(15,000)	–	15,000	–
	28.3.2019	01.04.2021–24.08.2025	76.36	–	–	(15,000)	–	15,000	–
	28.3.2019	01.04.2022–24.08.2025	76.36	–	–	(15,000)	–	15,000	–
	28.3.2019	01.04.2023–24.08.2025	76.36	–	–	(15,000)	–	15,000	–
Sub-total				5,440,691	–	(4,756,791)	(459,900)	–	224,000
Total				6,118,926	(614,989)	(4,760,037)	(519,900)	–	224,000

Notes:

- The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
- 'Year' refers to the period from 1 January 2025 to 31 December 2025.
- As at 31 December 2025, the Company had two share option arrangements: one batch of 60,000 share options was held by a former employee who was also a former director, and the Board has, at its discretion, extended its expiry date to 27 March 2029; the other batch of 60,000 share options was held by an individual who resigned as a director during the year, and this portion of share options, not having been exercised by the expiry of the 6-month period following the date of termination of his directorship, lapsed during the year.
- As of 31 December 2025, a total number of 224,000 shares, representing 0.02% of the weighted average number of the Company's issued shares, are available for issue under the 2012 Scheme. Except the Chairman of the Board and the independent non-executive directors, the vesting of all the share options is subject to the fulfilment of performance target.
- The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised is approximately HK\$69.41. During the year, the Company has received a total of HK\$24,808,656 from the exercise of the share options by the grantees.

DIRECTORS' REPORT

Share-based Compensation Scheme (continued)**Share Option Schemes** (continued)*2022 Scheme*

The Company has adopted the “2022 Scheme” of the Share Option Schemes pursuant to an ordinary resolution passed at an AGM of the Company held on 18 May 2022. The 2022 Scheme will remain in force for 10 years. As at 31 December 2025, the remaining life of the 2022 Scheme is approximately 6.4 years. The Company may grant up to 56,507,503 share options, representing 5% of the number of shares of the Company, in issue as at the date the 2022 Scheme was approved. The maximum entitlement of share options each participant under 2022 Scheme, within any 12-month period up to and including the date of grant, would result in the aggregated number of Shares issued and to be issued upon exercise of the share options already granted and to be granted to such participant not exceeding 1% or 0.1% (depending on the participant) of the Shares in issue for the time being. Otherwise, any further grant of share options must be approved by the Shareholders in general meeting. Since the date of adoption of the 2022 Scheme and up to the date of this report, no share options have been granted by the Company under such scheme. As at 1 January 2025 and 31 December 2025, the number of share options could be granted by the Company under the 2022 Scheme was 56,507,503, representing approximately 5% of the total issued shares of the Company as at the reporting date. In addition, no sublimit for service providers was set under the 2022 Scheme.

For further details of the 2022 Scheme, including a summary of the principal terms of the share option scheme, please refer to the circular issued by the Company on 6 April 2022 and as set out in Note 43 to the Consolidated Financial Statements.

Directors' right to acquire shares

Pursuant to the above Share Option Schemes, the Company has granted rights to subscribe for the Company's ordinary shares in favour of certain directors of the Company. The interest of each director and chief executive in the share options of the Company as at 31 December 2025 were as follows:

Grantee	Date of grant	Exercise period (Note 1)	Exercise price (HK\$)	Number of shares subject to outstanding options as at 1 January 2025	Exercised during the year (Note 2)	Lapsed during the year (Note 2)	Cancelled during the year (Note 2)	Reclassified during the year	Number of shares subject to outstanding options as at 31 December 2025
Wang Yusuo	28.03.2019	01.04.2022–27.03.2029	76.36	160,000	–	–	(160,000)	–	–
	28.03.2019	01.04.2023–27.03.2029	76.36	160,000	–	–	(160,000)	–	–
Zhang Yuying (Note 3)	09.12.2015	01.04.2020–08.12.2025	40.34	525	–	(525)	–	–	–
	28.03.2019	01.04.2022–27.03.2029	76.36	13,700	–	(13,700)	–	–	–
	28.03.2019	01.04.2023–27.03.2029	76.36	66,700	–	(66,700)	–	–	–
Liu Jianfeng (Notes 3 & 4)	28.03.2019	01.04.2020–27.03.2029	76.36	15,000	–	–	–	(15,000)	–
	28.03.2019	01.04.2021–27.03.2029	76.36	15,000	–	–	–	(15,000)	–
	28.03.2019	01.04.2022–27.03.2029	76.36	15,000	–	–	–	(15,000)	–
	28.03.2019	01.04.2023–27.03.2029	76.36	15,000	–	–	–	(15,000)	–
Gong Luojian (Notes 3 & 5)	28.03.2019	01.04.2021–27.03.2029	76.36	–	–	(10,000)	–	10,000	–
	28.03.2019	01.04.2022–27.03.2029	76.36	–	–	(60,000)	–	60,000	–
	28.03.2019	01.04.2023–27.03.2029	76.36	–	–	(60,000)	–	60,000	–
Wang Dongzhi (Note 3)	28.03.2019	01.04.2023–27.03.2029	76.36	106,700	–	(106,700)	–	–	–
Zhang Jin (Note 3)	28.03.2019	01.04.2021–27.03.2029	76.36	5,000	–	(5,000)	–	–	–
	28.03.2019	01.04.2022–27.03.2029	76.36	55,000	–	(55,000)	–	–	–
	28.03.2019	01.04.2023–27.03.2029	76.36	55,000	–	(55,000)	–	–	–
Jiang Chenghong (Notes 3 & 4)	28.03.2019	01.04.2021–27.03.2029	76.36	29,500	–	–	–	(29,500)	–
	28.03.2019	01.04.2022–27.03.2029	76.36	47,500	–	–	–	(47,500)	–
	28.03.2019	01.04.2023–27.03.2029	76.36	47,500	–	–	–	(47,500)	–

Share-based Compensation Scheme (continued)**Directors' right to acquire shares** (continued)

Grantee	Date of grant	Exercise period (Note 1)	Exercise price (HK\$)	Number of shares subject to outstanding options as at 1 January 2025	Exercised during the year (Note 2)	Lapsed during the year (Note 2)	Cancelled during the year (Note 2)	Reclassified during the year	Number of shares subject to outstanding options as at 31 December 2025
Su Li (Notes 3 & 5)	28.03.2019	01.04.2022–27.03.2029	76.36	–	–	(35,600)	–	35,600	–
	28.03.2019	01.04.2023–27.03.2029	76.36	–	–	(73,300)	–	73,300	–
Wang Zizheng (Note 3)	09.12.2015	01.04.2017–08.12.2025	40.34	15,000	–	–	(15,000)	–	–
	09.12.2015	01.04.2018–08.12.2025	40.34	15,000	–	–	(15,000)	–	–
	09.12.2015	01.04.2019–08.12.2025	40.34	15,000	–	–	(15,000)	–	–
	09.12.2015	01.04.2020–08.12.2025	40.34	15,000	–	–	(15,000)	–	–
	28.03.2019	01.04.2021–27.03.2029	76.36	20,000	–	–	(20,000)	–	–
	28.03.2019	01.04.2022–27.03.2029	76.36	20,000	–	–	(20,000)	–	–
Ma Zhixiang	28.03.2019	01.04.2023–27.03.2029	76.36	20,000	–	–	(20,000)	–	–
	28.03.2019	01.04.2021–27.03.2029	76.36	20,000	–	–	–	–	20,000
	28.03.2019	01.04.2022–27.03.2029	76.36	20,000	–	–	–	–	20,000
Yuen Po Kwong	28.03.2019	01.04.2023–27.03.2029	76.36	20,000	–	–	–	–	20,000
	28.03.2019	01.04.2021–27.03.2029	76.36	20,000	–	–	–	–	20,000
	28.03.2019	01.04.2022–27.03.2029	76.36	20,000	–	–	–	–	20,000
Law Yee Kwan, Quinn	28.03.2019	01.04.2023–27.03.2029	76.36	4,000	–	–	–	–	4,000
	28.03.2019	01.04.2021–27.03.2029	76.36	20,000	–	–	–	–	20,000
	28.03.2019	01.04.2022–27.03.2029	76.36	20,000	–	–	–	–	20,000
Total				1,091,125	–	(541,525)	(440,000)	54,400	164,000

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- “Year” refers to the period from 1 January 2025 to 31 December 2025.
- The vesting of share options is subject to the fulfilment of performance target.
- Mr. Liu Jianfeng and Mr. Jiang Chenghong resigned as executive directors of the Company on 25 February 2025. The share options held by them were reclassified from the category of grantees under “Directors” to “Other Eligible Participants” and “Employees”, respectively. The share options held by Mr. Liu lapsed during the year as they were not exercised by the expiry of the 6-month period following the date of termination of his employment.
- Both Mr. Gong Luojuan and Ms. Su Li were appointed as executive directors of the Company on 25 February 2025, therefore, the share options held by them were reclassified from being held by “Employees” to being held by “Directors”.

Save as disclosed above, no share option was granted, exercised, lapsed or cancelled during the year, and the Company has not granted any share options exceeding the 1% or 0.1% individual limit (depending on the participant).

Share Award Scheme

On 30 November 2018, the Company adopted the Share Award Scheme under which the shares of the Company may be granted to selected employees (including, without limitation, any executive directors and non-executive directors) of any members of the Group (the “Selected Employees”) pursuant to the terms of the Share Award Scheme and the trust deed of the Share Award Scheme. As discussed above, the Share Award Scheme is mainly used as a supplement to the Share Option Schemes. The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from the date. As at 31 December 2025, the remaining life of the Share Award Scheme is approximately 2.9 years.

DIRECTORS'
REPORT**Share-based Compensation Scheme (continued)****Share Award Scheme** (continued)

The aggregate number of Awarded Shares permitted to be granted under the Share Award Scheme is limited to 5% of the issued share capital of the Company from time to time. The maximum number of Awarded Share which may be awarded to each Selected Employee shall not in aggregate over 1% of the issued share capital of the Company from time to time.

When a Selected Employee has satisfied all vesting conditions, which might include service and/or performance conditions specified by the Board, the trustee of the Company's Share Award Scheme (the "Trustee") will, at its absolute discretion, determine the terms and conditions of the award and grant the selected employees a certain number of Awarded Shares at no cost.

For the year ended 31 December 2025, there were 19,984,600 shares of the Company held in the trust under the Share Award Scheme, approximately 1.77% of the issued share capital of the Company. For the year ended 31 December 2025, the Company has cumulatively granted notional gain of 928,600 Awarded Shares to certain outperformed employees under the scheme to reflect their changes in roles and commitment subsequent to the grant of share options to them under the 2012 Scheme, the Award Prices were also HK\$76.36, and the vesting of any notional gains in respect of these award shares is subject to the achievement of their respective performance targets, provided that such notional gains will not be converted into shares of the Company. As at 31 December 2025, notional gains of 259,000 Awarded Shares remain deferred and outstanding.

The following table discloses details of the Company's Awarded Shares held by the selected employees (including directors) and their movement in such holdings during the year, from 1 January 2025 to 31 December 2025:

Grantee	Financial year to which the performance targets relate (Note 1)	Exercise Period (Note 3)	Award Price (HK\$) (Note 2)	Outstanding	Granted during the year	Vested during the year (Note 4)	Lapsed during the year	Cancelled during the year	Reclassified during the year	Outstanding
				as at 1 January 2025						as at 31 December 2025
Directors	2020	01.04.2021–27.03.2029	76.36	40,000	–	–	–	–	(40,000)	–
	2021	01.04.2022–27.03.2029	76.36	80,000	–	–	–	–	(40,000)	40,000
	2022	01.04.2023–27.03.2029	76.36	80,000	–	–	–	–	(40,000)	40,000
Employees	2020	01.04.2021–27.03.2029	76.36	84,500	–	–	(25,000)	–	–	59,500
	2021	01.04.2022–27.03.2029	76.36	81,500	–	–	(27,000)	–	–	54,500
	2022	01.04.2023–27.03.2029	76.36	65,000	–	–	–	–	–	65,000
Other eligible participants (Note 5)	2020	01.04.2021–24.08.2025	76.36	–	–	–	(40,000)	–	40,000	–
	2021	01.04.2022–24.08.2025	76.36	–	–	–	(40,000)	–	40,000	–
	2022	01.04.2023–24.08.2025	76.36	–	–	–	(40,000)	–	40,000	–
Total				431,000	–	–	(172,000)	–	–	259,000

Notes:

- Such Awarded Shares were granted during the period from 2 September 2020 to 5 March 2021 to employees (including directors of the Company), which were intended to recognise the role changes and/or outstanding performance of existing grantees under the 2012 Scheme – Batch 2, as well as to include newly selected participants during that grant cycle. As Awarded Shares act as a supplement to Share Option Schemes, multiple grants may occur during the financial year, however the financial year to which the performance targets relate is consistent with respect to the Share Option Schemes.
- The award price is the exercise price of vesting the Awarded Shares by the selected employees, which is consistent with the exercise price of share options granted in 2012 Scheme – Batch 2.
- Notional gains of the Awarded Shares can be vested to the grantees as early as on 1 April in the year following the financial year to which the respective performance conditions relate, or they can opt for deferral of vesting of the notional gains which should not be later than 27 March 2029. Hence, the vesting periods of these Awarded Shares are from the date of grant to the respective vesting dates.
- Notional gains vested during the year were paid out of the funds in the designated account under the Share Award Scheme.
- These Awarded Shares were held by a resigned employee of the Company (former director). As these award shares had not been exercised by the expiry of the 6-month period following the date of termination of his employment, they lapsed during the year.

Share-based Compensation Scheme *(continued)*

Share Award Scheme *(continued)*

Since the adoption of the Share Award Scheme in 2018, the Company had not cancelled any awarded shares granted. Save as disclosed above, during the year, no Awarded Shares were granted or vested under the Share Award Scheme to any director or to the five highest paid individuals during the financial year, nor have any Award Shares lapsed and/or been forfeited under the Share Award Scheme. Also, the Company had not granted any Award Shares in excess of 1% of the total number of issued shares. Details of the Share Award Scheme are set out in Note 43 to the Consolidated Financial Statements.

The interest of each director and chief executive in the Awarded Shares of the Company as at 31 December 2025 were as follows:

Grantee	Financial		Awards Price (HK\$)	Outstanding	Granted during the year (Note 1)	Vested during the year (Note 1)	Lapsed during the year (Note 1)	Cancelled during the year (Note 1)	Reclassified during the year	Outstanding
	Year to which the performance target	Exercise period		as at 1 January 2025						as at 31 December 2025
	(Notes 1 & 2)	(Note 3)								
Zhang Yuying	2021	01.04.2022–27.03.2029	76.36	40,000	–	–	–	–	–	40,000
(Note 2)	2022	01.04.2023–27.03.2029	76.36	40,000	–	–	–	–	–	40,000
Liu Jianfeng	2020	01.04.2021–27.03.2029	76.36	40,000	–	–	–	–	(40,000)	–
(Notes 2 & 4)	2021	01.04.2022–27.03.2029	76.36	40,000	–	–	–	–	(40,000)	–
	2022	01.04.2023–27.03.2029	76.36	40,000	–	–	–	–	(40,000)	–
Total				200,000	–	–	–	–	(120,000)	80,000

Notes:

- “Year” refers to the period from 1 January 2025 to 31 December 2025.
- The vesting of Awarded Shares is subject to the fulfilment of performance target.
- The exercise period of the Awarded Shares are aligned with 2012 Scheme – Batch 2.
- Mr. Liu Jianfeng resigned as an executive director of the Company on 25 February 2025 and his Awarded Shares were lapsed at the expiration of 6 months after the date of cessation of employment in accordance with the Share Award Scheme. As he was no longer a director or employee of the Company, the Awarded Shares held by him were reclassified from “Directors” to “Other eligible participants”.

Save as disclosed above, at no time during the year was the Company and its subsidiaries a party to any arrangements to enable the Directors or the chief executives or any of their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, underlying shares or debentures of, the Company or any other body corporation.

Directors' Rights to Acquire Shares or Debentures

Other than the Share Option Schemes as set out in the section headed “Share-based Compensation Scheme” and disclosed in Note 43 to the Consolidated Financial Statements, and the Shares Award Scheme as set out in the section headed “Share-based Compensation Scheme” in this report, the Company had no other outstanding convertible securities, options, warrants or other similar rights as at 31 December 2025. In addition, at no time during the year was the Company, its parent company, or any of its subsidiaries a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate.

Management Contracts

Except the employment contracts with employees, no contract concerning the management and administration of the whole or any substantial part of the business of the company was entered into or existed during the year.

DIRECTORS'
REPORT**Substantial Shareholders**

As at 31 December 2025, the interests and short positions of every person, other than Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO were as follows:

Name of shareholder	Capacity	Corporate interests	Total aggregate interests in shares and underlying shares (Note 6)	Approximate percentage of the Company's total issued share capital
Mr. Wang	Interest of controlled corporation	387,768,034 (Notes 1, 2, 3, 4 & 5)	387,768,034 (L)	34.26%
Ms. Zhao	Interest of controlled corporation	387,768,034 (Notes 1, 2, 3, 4 & 5)	387,768,034 (L)	34.26%
EYCT*	Interest of controlled corporation	387,768,034 (Notes 1, 2, 3 & 4)	387,768,034 (L)	34.26%
LCNG*	Interest of controlled corporation	387,768,034 (Notes 1, 2 & 3)	387,768,034 (L)	34.26%
ECM*	Interest of controlled corporation	387,768,034 (Notes 1, 2 & 3)	387,768,034 (L)	34.26%
EIH*	Interest of controlled corporation	387,768,034 (Notes 1 & 2)	387,768,034 (L)	34.26%
EGII	Interest of controlled corporation	387,768,034 (Note 1)	387,768,034 (L)	34.26%
ENN-NG	Interest of controlled corporation	387,768,034 (Note 1)	387,768,034 (L)	34.26%
Xinneng HK	Beneficial owner	387,768,034 (Note 1)	387,768,034 (L)	34.26%

* For identification purpose only

Substantial Shareholders (continued)

Notes:

1. EGII holds 44.26% interests in ENN-NG. Therefore, EGII holds 34.26% of the shares of the Company through Xinneng HK, a wholly-owned subsidiary of ENN-NG. EGII is beneficially owned as to 50% by Mr. Wang and 50% by Ms. Zhao, the spouse of Mr. Wang.
2. On 30 November 2018, Mr. Wang and Ms. Zhao entered into an equity entrustment agreement with EIH, pursuant to which each of Mr. Wang and Ms. Zhao entrusts EIH to manage their respective shareholding of 50% in EGII till 31 December 2040. Pursuant to the agreement, EGII is controlled by EIH. Accordingly, EIH is deemed to be interested in the shares in which EGII is interested in (1) above. In addition, EIH directly and indirectly holds 14.97% interests of ENN-NG.
3. EIH is 100% owned by Mr. Wang, Ms. Zhao and ECM in total, and ECM is a wholly-owned subsidiary of LCNG, EIH hence is deemed to be interested in the shares in which EIH is interested in (1) and (2) above. In addition, EIH and LCNG directly and indirectly hold 3.18% and 9.97% interests in ENN-NG respectively.
4. LCNG is 100% owned by Mr. Wang, Ms. Zhao and EYCT (beneficially owned as to 50% by Mr. Wang and 50% by Ms. Zhao) in total, hence they are deemed to be interested in the shares in which LCNG is interested in (1), (2) and (3) above. In addition, Mr. Wang holds 0.06% interests of ENN-NG.
5. As Mr. Wang's spouse, Ms. Zhao is deemed as holding Mr. Wang's interests in shares.
6. (L) represents Long Position; (S) represents Short Position; (P) represents Lending Pool.
7. As at 31 December 2025, the Company had 1,131,839,264 shares in issue.

Save for the shareholders as disclosed herein, the Directors are not aware of any persons who, as at 31 December 2025, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Save as disclosed above, as at 31 December 2025, the Company had not been notified of any other person who had interest or short position in the shares or underlying shares of the Company, which are required to be recorded in the register maintained by the Company pursuant to section 336 of Part XV of the SFO and Listing Rules.

Controlling shareholder and Directors' Interests in Competing Business

Set out below is information disclosed pursuant to Rule 8.10 of the Listing Rules as at 31 December 2025, Mr. Wang and his spouse, Ms. Zhao, hold 34.26% of the issued share capital of the Company through Xinneng HK, a wholly-owned subsidiary of ENN-NG (a controlling shareholder of the Company). Four directors of the Company, namely Mr. Wang, Mr. Wang Zizheng, Mr. Zhang Yuying and Ms. Zhang Jin, being directors of ENN-NG and/or certain subsidiary(ies) (for this purpose excluding the Group) and/or associate(s) of ENN-NG (the "ENN-NG Group"), were considered as having an interest in ENN-NG Group under Rule 8.10(1) and (2) of the Listing Rules.

The business of ENN-NG Group (excluding the Group) mainly includes the gas sales based on obtaining upstream natural gas resources (including the import and production of liquefied natural gas), energy engineering and energy chemical business. These gas sales business may be considered as competing business for the Group. However, the Group's gas sales are mainly to match the needs of downstream customers. And the Group has extensive experience in gas sales business, diversified distribution channels, and large and sticky customer base, it is capable of carrying on independently of ENN-NG Group (excluding the Group).

For safeguarding the interests of the Group, the Company established an independent board committee composed of all independent non-executive directors of the Company in 2020 to review the business competition situation of the Group regularly to ensure that the Group and ENN-NG Group operate gas sales business based on their respective interest.

Save as disclosed above, during the year, none of the directors or the management shareholders of the Company or their respective associates had any interest in a business which compete with the business of the Group.

DIRECTORS'
REPORT**Connected Transactions**

During the year, the Group has entered into the transactions and arrangements as described below with connected persons for the purposes of the Listing Rules.

Continuing Connected Transactions

During the year, the Group carried out the following transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules and were subject to annual review.

The following table sets out the continuing connected transactions between the Group and the Wang Family Companies for the year ended 31 December 2025:

Transaction details	Annual Cap (RMB million)	Transaction Sum (RMB million)
(A) Equipment Purchasing and Modification and Enhancement Services		
On 12 December 2023, the Company entered into a Master Equipment Purchasing and Modification Services Agreement with LCNG for a term commencing from 1 January 2024 and expiring on 31 December 2026, whereby the Wang Family Companies agreed to provide equipment as well as equipment modification and enhancement services to the Group.	400	306
(B) Construction Services		
On 12 December 2023, the Company entered into a Master Construction Services Agreement with ENN-NG for a term commencing from 1 January 2024 and expiring on 31 December 2026, whereby the Wang Family Companies agreed to provide the Group with engineering design and construction services.	1,200	863
(C) Information Technology Services		
On 12 December 2023, the Company entered into a Master Information Technology Services Agreement with LCNG for a term commencing from 1 January 2024 and expiring on 31 December 2026, whereby the Wang Family Companies agreed to provide the Group with information technology services.	530	281
(D) Natural Gas Purchasing		
On 12 December 2023, the Company entered into a Master Natural Gas Purchasing Agreement with ENN-NG for a term commencing from 1 January 2024 and expiring on 31 December 2026, whereby the Wang Family Companies agreed to provide the Group with natural gas supply.	1,750	1,652
(E) LNG Terminal Usage Services		
On 28 September 2018, the Company entered into a Master LNG Terminal Usage Services Agreement with LCNG for a term commencing from 1 October 2018 and expiring on 31 December 2028, whereby the Wang Family Companies agreed to provide LNG terminal usage services to the Group, such that the Group will be able to receive imported LNG through Zhoushan LNG Terminal.	800	585
(F) Risk Prevention Services		
On 25 October 2024, the Company entered into a Master Risk Prevention Services Agreement with ENN Insurance Brokerage Company Limited ("ENN Insurance Brokerage"), whereby the Group agreed to provide risk prevention services to designated customers of ENN Insurance Brokerage and its fellow subsidiaries ("ENN Insurance Brokerage Group") members from 25 October 2024 to 31 December 2026.	220	118

Notes:

1. Wang Family Company is a company controlled (entitled to exercise, or control the exercise of 30% or more of the voting power at any general meeting of the relevant company) by Mr. Wang, the Chairman, an Executive Director and a controlling shareholder of the Company, and/or his associates (including Ms. Zhao, a controlling shareholder of the Company and the spouse of Mr. Wang), thereby being connected persons of the Group during the year.
2. Wang Family Companies refers to the Wang Family Company and its subsidiaries and associates (as the case may be).

Connected Transactions *(continued)*

Continuing Connected Transactions *(continued)*

The Company has established internal control processes to effectively manage connected transactions, and connected transactions conducted during the year also complied with the applicable pricing policies and guidelines mentioned in the relevant disclosures. The Company's internal audit department conducts regular audits to ensure that all connected transactions carried out during the year comply with the applicable pricing policies and guidelines mentioned in the relevant disclosures. During the year, the internal audit department reported its audit findings to the Company's audit committee twice.

The continuing connected transactions mentioned above have been reviewed by the independent non-executive directors of the Company. The independent non-executive directors of the Company have confirmed that the transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) in accordance with the relevant agreements governing such transactions and on terms that are fair and reasonable and in the interests of shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the Auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued its unqualified confirmation letter to the Company containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 84 to 85 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules.

The Board confirms that disclosures have been made in accordance with Chapter 14A of the Listing Rules and comply with the relevant requirements.

Details of the related party transactions undertaken in the normal course of business are set out in Note 52 to the Consolidated Financial Statements. In relation to parts of those related party transactions that also constituted connected transactions under the Listing Rules, they are in compliance with applicable requirements under the Listing Rules and are reported in this Annual Report in accordance with the Listing Rules.

Other Connected Transactions

Save as disclosed information above, the Group did not enter into any other notifiable connected transactions under the Listing Rules during the year.

Directors' Interests in Transactions, Arrangement or Contracts of Significance

Save as disclosed in the section headed "Connected Transactions", no other transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of or at any time during the year ended 31 December 2025.

Loan Agreements Imposing Specific Performance Obligations on Controlling Shareholders

The Company issued 10-year green senior notes on 17 September 2020 and 5-year green senior notes on 17 May 2022 (collectively, the "Green Senior Notes") with principal amounts of USD750 million (equivalent to RMB5,137 million) and USD550 million (equivalent to RMB3,612 million) respectively. The terms and conditions of the Green Senior Notes require Mr. Wang, Ms. Zhao and any affiliate of any of them, controlling shareholders of the Company, collectively to retain their interests in the Company of at least 20% of the total issued share capital of the Company throughout the terms of the relevant notes. As at 31 December 2025, the outstanding balances of the Green Senior Notes are USD489 million (equivalent to RMB3,436 million) and USD550 million (equivalent to RMB3,866 million) respectively.

Charitable Donations

Charitable donations made by the Group during the year amounted to RMB21.52 million (2024: RMB19.05 million).

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as of the date of this Annual Report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

DIRECTORS' REPORT

Review of Financial Result

A meeting of the Audit Committee was held on 25 March 2026 to review with the Company's external auditor on the Group's annual results and the Audited Consolidated Financial Statements for the year ended 31 December 2025. Based on the relevant reviews and discussions with the Management, the Audit Committee was satisfied that the Consolidated Financial Statements have been prepared in accordance with applicable accounting standards, and it presents fairly the financial position and results of the Group for the year ended 31 December 2025.

Auditor

The Consolidated Financial Statements for the year ended 31 December 2025 have been audited by Deloitte Touche Tohmatsu who would retire at the 2026 AGM and, being eligible, offer themselves for re-appointment. A resolution to re-appoint Deloitte Touche Tohmatsu as the auditor of the Company and authorise the Board to fix their remuneration will be proposed at the 2026 AGM.

The other sections, reports and notes in the Annual Report as mentioned above form parts of this Directors' Report.

On behalf of the Board

ZHANG Yuying

Director

27 March 2026

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF ENN ENERGY HOLDINGS LIMITED***(incorporated in the Cayman Islands with limited liability)***Opinion**

We have audited the consolidated financial statements of ENN Energy Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 90 to 192, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, 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 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) 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 matter	How our audit addressed the key audit matter
<p>Impairment assessment of goodwill allocated to integrated energy business</p> <p>We identified the impairment assessment of goodwill attributable to integrated energy business (the “Integrated Energy CGU”) as a key audit matter owing to the significance of the carrying amount of this goodwill and the key assumptions adopted by the management in determining the recoverable amounts of the Integrated Energy CGU, including revenue growth rate, gross profit rate and discount rate as disclosed in Note 4 to the consolidated financial statements.</p> <p>As disclosed in Note 18 to the consolidated financial statements, the carrying amount of goodwill attributable to Integrated Energy CGU amounted to RMB2,028 million as at 31 December 2025.</p>	<p>Our audit procedures in relation to impairment assessment of goodwill allocated to the Integrated Energy CGU included:</p> <ul style="list-style-type: none"> Evaluating management’s methodology for impairment assessment of goodwill and the reasonableness of the discount rate used based on the market information with the assistance of internal valuation expert; and Evaluating the discounted cash flows prepared by the management in deriving the recoverable amounts of the Integrated Energy CGU for the impairment assessment by assessing the reasonableness of the key assumptions adopted by the management in the model with reference to the Group’s historical performances and external market data, and reviewing the budget of the underlying projects approved by the management on a sample basis.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
<p>Fair value measurement of commodity derivative contracts</p> <p>We identified the fair value measurement of commodity derivative contracts as disclosed in Note 23 to the consolidated financial statements as a key audit matter due to the judgment and estimation required in establishing the relevant valuation approach and inputs. The carrying amount of commodity derivative assets amounted to RMB38 million and of commodity derivative liabilities amounted to RMB207 million as at 31 December 2025.</p> <p>As further disclosed in Notes 4 and 50 to the consolidated financial statements, any changes in these inputs could affect the fair values of commodity derivative contracts.</p>	<p>Our audit procedures in relation to the fair value measurement of commodity derivative contracts included:</p> <ul style="list-style-type: none"> • Understanding the design and implementation of key controls over the valuation of commodity derivative contracts; • Testing the completeness of commodity derivative contracts by arranging confirmations to the counterparties; and • With the assistance of internal valuation expert, performing the following procedures on sample basis: <ul style="list-style-type: none"> – evaluating the appropriateness of management's valuation approach; – checking the relevant inputs used by the management to our independently sourced market inputs; and – comparing the valuation based on our inputs with the management's results and investigating any differences.

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 HKSA's 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 HKSAAs, 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.

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 Lam, Kam Chiu (practising certificate number: P07033).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB million	2024 RMB million
Revenue	5	111,905	109,853
Cost of sales		(98,613)	(96,448)
Gross profit		13,292	13,405
Other income	7	669	1,046
Other gains and losses	8	(543)	(642)
Distribution and selling expenses		(1,386)	(1,276)
Administrative expenses		(3,792)	(3,915)
Share of results of associates		428	339
Share of results of joint ventures		539	573
Finance costs	9	(593)	(733)
Profit before tax	10	8,614	8,797
Income tax expense	12	(1,791)	(1,921)
Profit for the year		6,823	6,876
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value change of equity instruments at fair value through other comprehensive income ("FVTOCI")		8	4
Income tax relating to items that will not be reclassified subsequently to profit or loss		(2)	(1)
		6	3
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		(20)	13
Fair value change of derivative financial instruments under hedge accounting		(81)	158
Income tax relating to items that may be reclassified subsequently to profit and loss		(2)	7
Other comprehensive (expense) income for the year		(97)	181
Total comprehensive income for the year		6,726	7,057
Profit for the year attributable to:			
Owners of the Company		5,904	5,987
Non-controlling interests		919	889
		6,823	6,876
Total comprehensive income for the year attributable to:			
Owners of the Company		5,807	6,168
Non-controlling interests		919	889
		6,726	7,057
		RMB	RMB
Earnings per share	14		
– Basic		5.31	5.35
– Diluted		5.31	5.35

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 RMB million	2024 RMB million
Non-current Assets			
Property, plant and equipment	15	55,722	53,151
Right-of-use assets	16	2,488	2,753
Investment properties	17	231	246
Goodwill	18	2,486	2,504
Intangible assets	19	4,320	4,420
Interests in associates	20	5,261	4,943
Interests in joint ventures	21	5,490	5,433
Other receivables	22	16	3
Derivative financial instruments	23	4	139
Financial assets at fair value through profit or loss ("FVTPL")	24	3,908	4,434
Equity instruments at FVTOCI	25	232	224
Amounts due from joint ventures	30	137	–
Deferred tax assets	32	1,607	1,518
Other non-current assets	27	901	688
Restricted bank deposits	34	582	580
		83,385	81,036
Current Assets			
Inventories	33	1,590	1,513
Trade and other receivables	22	9,040	9,828
Contract assets	28	912	848
Derivative financial instruments	23	38	196
Amounts due from associates	29	599	619
Amounts due from joint ventures	30	1,268	1,080
Amounts due from related companies	31	620	233
Restricted bank deposits	34	442	174
Cash and cash equivalents	34	8,064	7,693
		22,573	22,184
Assets classified as held for sale		60	–
		22,633	22,184

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 RMB million	2024 RMB million
Current Liabilities			
Trade and other payables	36	8,576	8,203
Contract liabilities	37	12,695	12,943
Deferred income	38	88	73
Amounts due to associates	29	974	713
Amounts due to joint ventures	30	1,442	968
Amounts due to related companies	31	1,642	1,503
Taxation payables		1,007	1,059
Lease liabilities	35	109	195
Derivative financial instruments	23	224	345
Bank and other loans	40	8,785	6,464
Financial guarantee liabilities	52	27	32
Share-based payment liabilities	43	3	4
		35,572	32,502
Net Current Liabilities		(12,939)	(10,318)
Total Assets less Current Liabilities		70,446	70,718
Capital and Reserves			
Share capital	39	117	117
Reserves		47,708	44,984
Equity attributable to owners of the Company		47,825	45,101
Non-controlling interests		6,250	5,975
Total Equity		54,075	51,076
Non-current Liabilities			
Contract liabilities	37	2,267	2,500
Deferred income	38	933	967
Lease liabilities	35	488	667
Derivative financial instruments	23	72	–
Bank and other loans	40	3,089	5,648
Senior notes	41	7,267	7,420
Deferred tax liabilities	32	2,255	2,440
		16,371	19,642
		70,446	70,718

The consolidated financial statements on pages 90 to 192 were approved and authorised for issue by the board of directors on 27 March 2026 and are signed on its behalf by:

Zhang Yuying
DIRECTOR

Wang Dongzhi
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Equity attributable to owners of the Company													Total equity
	Shares held under Share		Share premium	Special reserve	Revaluation reserve	Share options reserve	Exchange reserve	Surplus reserve fund	Hedging reserve	Designated safety fund	Retained earnings	Non-controlling interests	Total	
	Share capital	Award Scheme												
	RMB million (Note 39)	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	
At 1 January 2024	117	(397)	28	(115)	66	142	195	5,359	(96)	90	37,271	42,660	5,602	48,262
Profit for the year	-	-	-	-	-	-	-	-	-	-	5,987	5,987	889	6,876
Other comprehensive income for the year	-	-	-	-	3	-	13	-	165	-	-	181	-	181
Total comprehensive income for the year	-	-	-	-	3	-	13	-	165	-	5,987	6,168	889	7,057
Cumulative gain transferred to initial carrying amount of hedged items (Note 42)	-	-	-	-	-	-	-	-	(47)	-	-	(47)	-	(47)
Purchase of shares under Share Award Scheme	-	(665)	-	-	-	-	-	-	-	-	-	(665)	-	(665)
Disposal of subsidiaries (Note 46)	-	-	-	-	-	-	-	-	-	-	-	-	(5)	(5)
Partial disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	15	15
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	25	25
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	158	158
Dividends appropriation (Note 13)	-	-	(28)	-	-	-	-	-	-	-	(2,987)	(3,015)	-	(3,015)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(709)	(709)
Transfer to surplus reserve fund (note b)	-	-	-	-	-	-	-	389	-	-	(389)	-	-	-
At 31 December 2024	117	(1,062)	-	(115)	69	142	208	5,748	22	90	39,882	45,101	5,975	51,076
Profit for the year	-	-	-	-	-	-	-	-	-	-	5,904	5,904	919	6,823
Other comprehensive income (expense) for the year	-	-	-	-	6	-	(20)	-	(83)	-	-	(97)	-	(97)
Total comprehensive income (expense) for the year	-	-	-	-	6	-	(20)	-	(83)	-	5,904	5,807	919	6,726
Cumulative gain transferred to initial carrying amount of hedged items (Note 42)	-	-	-	-	-	-	-	-	(41)	-	-	(41)	-	(41)
Cancellation and lapse of share options (Note 43)	-	-	132	-	-	(132)	-	-	-	-	-	-	-	-
Issue of ordinary shares on exercise of share options (Notes 39 & 43)	-	-	29	-	-	(6)	-	-	-	-	-	23	-	23
Deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Acquisition of subsidiaries (Note 45)	-	-	-	-	-	-	-	-	-	-	-	-	14	14
Acquisition of additional interests in subsidiaries/ partial disposal of a subsidiary without loss of control	-	-	-	(6)	-	-	-	-	-	-	-	(6)	3	(3)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	187	187
Capital reduction from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(51)	(51)
Dividends appropriation (Note 13)	-	-	-	-	-	-	-	-	-	-	(3,059)	(3,059)	-	(3,059)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(798)	(798)
Transfer to designated safety fund (note c)	-	-	-	-	-	-	-	-	-	2	(2)	-	-	-
Transfer to surplus reserve fund (note b)	-	-	-	-	-	-	-	540	-	-	(540)	-	-	-
At 31 December 2025	117	(1,062)	161	(121)	75	4	188	6,288	(102)	92	42,185	47,825	6,250	54,075

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Notes:

- a. The balance represents the difference between the fair values of consideration paid and the carrying values of net assets attributable to the additional interests of subsidiaries acquired or disposed of with no change in control.
- b. In accordance with the People's Republic of China ("PRC") regulations, the surplus reserve fund retained by subsidiaries in the PRC is non-distributable.
- c. Pursuant to relevant PRC regulation, the Group is required to transfer 1.5% on revenue generated from construction and installation, transportation of gas or other dangerous chemical into a designated fund. The fund will be used for installation and repair and maintenance of safety facilities.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB million	2024 RMB million
OPERATING ACTIVITIES			
Profit before tax		8,614	8,797
Adjustments for:			
Share of results of associates		(428)	(339)
Share of results of joint ventures		(539)	(573)
Exchange differences		(75)	210
Net loss (gain) of financial assets at FVTPL		101	(110)
Net (gain) loss on fair value change of derivative financial instruments		(295)	145
Impairment loss under expected credit losses model, net of reversal		515	326
Impairment losses on property, plant and equipment, intangible assets and goodwill		244	162
Net loss on disposal of property, plant and equipment and right-of-use assets		198	83
Gain on disposal of subsidiaries	46	(111)	(41)
Dividend income from financial assets at FVTPL		(140)	(128)
Dividend income from equity instruments at FVTOCI		(8)	(10)
Gain on repurchase of Senior notes		-	(47)
Depreciation and amortisation of property, plant and equipment, right-of-use assets, intangible assets and other non-current assets		3,486	3,106
Interest income on bank deposits and loan receivables		(123)	(234)
Finance costs		593	733
Net compensation income		(44)	(108)
Others		1	10
		11,989	11,982
Movements in working capital:			
(Increase) decrease in inventories		(76)	168
Decrease in trade and other receivables		307	923
Increase in contract assets		(110)	(223)
Increase (decrease) in contract liabilities		15	(458)
Increase in amounts due from associates		(94)	(61)
Increase (decrease) in amounts due to associates		672	(2)
Increase in amounts due from joint ventures		(192)	(38)
Increase in amounts due to joint ventures		354	271
(Increase) decrease in amounts due from related companies		(429)	5
(Decrease) increase in amounts due to related companies		(91)	358
Decrease in trade and other payables		(214)	(475)
Increase in deferred income		438	197
Cash generated from operations		12,569	12,647
PRC enterprise income tax paid		(2,136)	(2,353)
Net cash generated from operating activities		10,433	10,294

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB million	2024 RMB million
INVESTING ACTIVITIES			
Dividends received from joint ventures		227	207
Dividends received from associates		215	202
Dividends received from financial assets at FVTPL		140	128
Dividends received from equity instruments at FVTOCI		8	10
Gross cash outflow from derivative financial instruments		(83)	(56)
Gross cash inflow from derivative financial instruments		404	315
Interest received		123	234
Payment for property, plant and equipment and other non-current assets		(6,718)	(6,177)
Acquisition of intangible assets		(333)	(509)
Proceeds from disposal of property, plant and equipment		205	212
Purchases of wealth management products		(12,929)	(15,705)
Redemptions of wealth management products		12,922	15,805
Addition of right-of-use assets		(37)	(48)
Deposits paid for operation rights		(4)	–
Net cash (outflow) inflow on acquisition of subsidiaries	45	(224)	6
Net cash inflow on disposal of subsidiaries	46	3	70
Net cash inflow on deregistration of subsidiaries		1	–
Proceeds from refund of financial assets at FVTPL		3	10
Proceeds from disposal/deregistration of joint ventures		90	23
Proceeds from disposal/deregistration of associates		48	15
Proceeds from disposal of right-of-use assets		33	30
Proceeds from disposal of financial assets at FVTPL		429	–
Purchase of financial assets at FVTOCI		–	(1)
Investments in joint ventures		(61)	(28)
Investments in associates		(59)	(111)
Addition of restricted bank deposits		(504)	(234)
Release of restricted bank deposits		234	364
Amounts advanced to third parties		(2,931)	(2,867)
Amounts repaid by third parties		3,125	2,890
Amounts advanced to associates		(108)	(5)
Amounts repaid by associates		23	58
Amounts advanced to joint ventures		(222)	(98)
Amounts repaid by joint ventures		215	812
Amounts advanced to related companies		(27)	(2)
Amounts repaid by related companies		49	12
Net cash used in investing activities		(5,743)	(4,438)

	2025	2024
	RMB million	RMB million
FINANCING ACTIVITIES		
Interest paid	(626)	(823)
Advanced from banks and other financial institutions	1,200	4,540
Amounts repaid to banks and other financial institutions	(1,200)	(4,540)
Repurchase of shares under Share Award Scheme	–	(665)
Net proceeds from ordinary shares issued upon exercise of share options	23	–
Capital contribution from non-controlling shareholders	187	122
Capital reduction of non-controlling shareholders	(51)	–
Net cash outflow on acquisition of additional interests in subsidiaries	(4)	(70)
Net cash inflow on disposal of partial interest in subsidiaries	–	15
Dividends paid to non-controlling shareholders	(798)	(709)
Dividends paid to shareholders	(3,059)	(3,015)
New bank loans raised	16,192	17,371
Repayment of bank loans	(16,430)	(19,454)
Repurchase of Senior notes	–	(388)
Repayment of lease liabilities	(187)	(171)
Amounts advanced from associates	187	69
Amounts repaid to associates	(84)	(29)
Amounts advanced from joint ventures	142	20
Amounts repaid to joint ventures	(22)	(128)
Amounts advanced from related companies	239	9
Amounts repaid to related companies	(9)	(12)
Net cash used in financing activities	(4,300)	(7,858)
Net increase (decrease) in cash and cash equivalents	390	(2,002)
Cash and cash equivalents at the beginning of the year	7,693	9,689
Effect of foreign exchange rate changes	(19)	6
Cash and cash equivalents at the end of the year	8,064	7,693

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. General Information

ENN Energy Holdings Limited (the “Company”) is an exempted company incorporated in the Cayman Islands under the Companies Law and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of its registered office and principal place of business are disclosed in the section headed “Corporate Information” of the Company’s Annual Report.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to the “Group”) are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries are set out in Note 53.

2. Application of New and Amendments to HKFRS Accounting Standards

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1 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 HKFRS Accounting Standards 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.

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

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

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

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

2. Application of New and Amendments to HKFRS Accounting Standards *(continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, 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 in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs 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 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

3.1 Basis of preparation of consolidated financial statements

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

In preparing the consolidated financial statements for the year ended 31 December 2025, the directors of the Company (the "Directors") have given careful consideration of the Group's net current liabilities of approximately RMB12,939 million on that date. Taking into account of the continuity and availability of financial resources to the Group, among other things, the cash flows generated from its principal operations, availability of banking facilities and its expected future working capital requirements, the Directors are therefore satisfied that the Group will be able to meet in full its financial obligations when they fall due and continue its existing operation in the foreseeable future. Accordingly, the consolidated financial statements for the year ended 31 December 2025 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 where the Company:

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

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

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

Profit or loss and each 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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)

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

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

Changes in the Group's ownership 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 previous carrying amount of the assets (including goodwill), and liabilities 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.

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.

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)

Performance obligations for contracts with customers

The Group recognises revenue from the following sources:

(1) *Retail gas sales*

The Group sells natural gas to customers through pipelines, including both residential households and commercial and industrial customers. Revenue is recognised when the piped natural gas is transferred to and consumed by customers of which the volume of gas sold is measured by gas meters installed at customer sites.

The Group also operates vehicle gas refuelling stations to refuel vehicles with liquefied natural gas (“LNG”) and compressed natural gas (“CNG”). Revenue is recognised when the refuelling is completed at the refuelling stations, being the time when LNG or CNG is transferred to customers.

(2) *Sales of integrated energy*

The Group supplies various energy products, such as gas, electricity, cooling, heating and steam. Revenue from sales of integrated energy is recognised when the energy is transferred to and consumed by the customers.

In addition, the Group also provides customers with a variety of integrated energy services, including but not limit to power services and technology services. Revenue is recognised over time.

(3) *Wholesale of gas*

The Group supplies LNG to wholesale customers. Revenue is recognised when control of LNG has transferred, being when the LNG has been bulk delivered to the customers’ specific location.

(4) *Construction and installation*

The Group provides construction and installation service under construction contracts with its customers. Such contracts are entered into for customers to gain access to the Group’s gas pipelines or supply of integrated energy. Revenue is recognised over time based on the completion status of respective construction. The construction period is typically less than one year. The management considers that this output method is an appropriate measure of the progress towards complete satisfaction of the performance obligation.

(5) *Smart home business*

The Group provides customers with a variety of value added services, including but not limit to kitchen solutions, heating systems and security systems. The performance obligations transferred are integral. Revenue is recognised when installation service is rendered, being at the point the customers accept the services.

In addition, the Group also sells construction materials, gas appliances and other energy products to customers, including both residential households and commercial and industrial customers. Revenue is recognised when control of goods has transferred, being at the point the customers purchase the goods.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(continued)

3.2 Material accounting policy information *(continued)*

Revenue from contracts with customers (continued)

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

For contracts that contain more than one performance obligation, 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 is to recognised revenue on the basis of direct measurement of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of considerations for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advanced payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

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

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:

- (a) deferred tax assets or liabilities, and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 and HKAS 19 *Employee Benefits* respectively;
- (b) 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 at the acquisition date;
- (c) 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
- (d) lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases at the acquisition date, except for leases for which the lease term ends within 12 months of 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 amounts 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 or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (which cannot exceed one year from the acquisition date), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Property, plant and equipment

Property, plant and equipment are tangible assets included building and leasehold land (classified as finance lease) that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost or deemed cost for properties transferred from investment properties, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties 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 are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of HKAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

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

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(continued)

3.2 Material accounting policy information (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

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

A CGU (or group of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on acquisition in an annual period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs). Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income and would not be reversed in subsequent periods.

On disposal of the relevant CGU or any of the CGU within the group of CGUs, 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 CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development or from the development phase of an internal project is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(continued)

3.2 Material accounting policy information *(continued)*

Intangible assets (continued)

Intangible assets acquired in a business combination

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

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

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

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. Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) 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 CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. 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 group of units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if applicable), 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. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) 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. All regular way purchases or sales of financial assets are recognised and derecognised on a trade day basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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 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. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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/settlement 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

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 FVTOCI:

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

All other financial assets are subsequently measured at FVTPL, except that at 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 not designated and effective as a hedging instrument.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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 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 be transferred to retained earnings.

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.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

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

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables and part of other receivables, restricted bank deposits, cash and cash equivalents, amounts due from associates/joint ventures/related companies) and other items (contract assets and financial guarantee contracts) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL 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 and other items subject to impairment assessment under HKFRS 9 (continued)

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings for the remaining.

For all other financial assets at amortised cost, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which 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, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, 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; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt instrument to have low credit risk when it has an external credit rating of "investment grade" as per globally understood definitions.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(continued)

3.2 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(ii) Definition of default

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

Default has been considered occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) 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, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data 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.

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.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtors or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

Lifetime ECL for trade receivables, contract assets and amounts due from associates/joint ventures/related companies arising from contracts with customers are considered individually for debtors with significant balances and collectively for the remaining taking into consideration past due information and relevant credit information such as forward-looking macroeconomic 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.

Except for financial guarantee contracts, 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 and other receivables, contract assets and amounts due from associate/joint ventures/related companies where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (Note 8) as part of the net foreign exchange gains/(losses);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the gain/(loss) from changes in fair value of financial assets (Note 8);
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value through other comprehensive income/valuation reserve.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(continued)

3.2 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial liabilities and equity instruments *(continued)*

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amounts due to associates/joint ventures/related companies, bank and other loans and senior notes) that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost, using the effective interest method.

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, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired 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.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the “other gains and losses” line item in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the ‘Other gains and losses’ line item in profit or loss (Note 8) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(continued)

3.2 Material accounting policy information *(continued)*

Financial instruments (continued)

Derecognition

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

On derecognition of a financial asset 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.

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 when derivative contracts are 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 hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

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.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

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 the hedged item, along with 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 is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(continued)

3.2 Material accounting policy information *(continued)*

Financial instruments (continued)

Hedge accounting (continued)

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.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time period related, the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a straight-line basis. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow 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 and losses' 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.

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 transaction is ultimately recognised in 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.

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. 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 or 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.

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 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any assets, 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 and the fair value of any retained interest and any proceeds from disposing of 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 or losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(continued)

3.2 Material accounting policy information *(continued)*

Investments in associates and joint ventures (continued)

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.

Taxation

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

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

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 is probable that taxable profits will be available against which those deductible temporary differences can be recognised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary difference 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is recognised, based on tax rates (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 amounts 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 the Amendments to 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.

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

Current and deferred tax are recognised in profit or loss, except when 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. Where current tax or deferred tax arises from initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Inventories

Inventories, including construction materials, gas appliances, natural gas and integrated energy appliances and other energy inventories, are stated at the lower of cost and net realisable value. Costs of inventories are determined using weighted average cost formula. Net realisable value represents the estimated selling price for inventories less all estimated costs to completion and the 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.

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 and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information*(continued)***3.2 Material accounting policy information** *(continued)**Foreign currencies (continued)*

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

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. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Share-based payment

Equity-settled share-based payment transactions

Share awards/Share options granted to employees (including Directors)

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 options reserve). Vesting conditions, other than market condition, shall not be taken into account when estimating the fair value of the share options at the measurement date. Instead, vesting conditions, i.e. a specified service period with or without a performance target, shall be taken into account in estimating the number of equity instrument that will ultimately vest. 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 options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital and 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 options reserve will be transferred to share premium.

When share awards granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Cash-settled share-based payment transactions

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. The fair value of the cash-settled share-based payments is determined without taking into consideration all non-market vesting conditions.

At the end of each reporting period until the liability is settled, and at the date of settlement, the liability is remeasured to fair value. For cash-settled share-based payments that are already vested, any changes in fair value are recognised in profit or loss for the year. For cash-settled share-based payments which are still subject to non-market vesting conditions, the effects of vesting and non-vesting conditions are accounted on the same basis as equity-settled share-based payments.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(continued)

3.2 Material accounting policy information (continued)

Lease

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

Short-term leases

The Group applies the short-term lease recognition exemption to leases of various offices, warehouses, equipment and vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include:

- fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate; and
- amounts expected to be paid under residual value guarantees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

(continued)

3.2 Material accounting policy information *(continued)*

Lease (continued)

The Group as a lessee *(continued)*

Lease liabilities (continued)

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 or there is a change in the assessment of exercise of a purchase option, 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 lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Key sources of estimation uncertainty

The following 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.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(continued)*

Key sources of estimation uncertainty *(continued)*

Impairment assessment of goodwill, intangible assets and certain property, plant and equipment

Determining whether goodwill, intangible assets and certain property, plant and equipment are impaired requires the estimation of the recoverable amount of the CGUs to which goodwill, intangible assets and certain property, plant and equipment have been allocated which is the higher of the fair value less costs of disposal and its value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and assess the reasonableness of the key assumptions, including revenue growth rate, gross profit margin and discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or changes in facts and circumstances which result in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to change due to ongoing uncertain macroeconomic and geopolitical environment, which includes the impact of changes in global trade (e.g. new or increase tariffs and import duties), persistent effects of climate-related matters, inflation, volatility in foreign exchange rates, increased interest rates, changes in commodity pricing and volatility in energy prices.

As at 31 December 2025, the carrying amounts of goodwill, intangible assets and certain property, plant and equipment which were carried out by impairment testing are RMB2,504 million, RMB520 million and RMB2,402 million (2024: RMB2,504 million, RMB606 million and RMB3,598 million), respectively. Details of the impairment assessment are set out in Notes 18, 19 and 15.

Fair value measurement of financial instruments

As at 31 December 2025, certain financial instruments of the Group, including investment in unlisted equity security and derivative financial instruments, have a net amount of RMB3,646 million (2024: RMB4,160 million) measured at fair value, determined by using different valuation techniques and unobservable inputs. Judgment and estimation are required in establishing the relevant valuation approach and inputs such as liquidity discount, estimates of future prices, market price volatility and credit risk. Changes in these factors could affect the fair values of these instruments. Further disclosures are set out in Note 50.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectations vary from the initial estimates, these differences will affect the depreciation charges in the year the estimates are revised. As at 31 December 2025, the carrying amount of property, plant and equipment is RMB55,722 million (2024: RMB53,151 million).

5. Revenue

Disaggregation of revenue from contracts with customers

	2025			2024		
	Sales of goods RMB million	Provision of services RMB million	Total RMB million	Sales of goods RMB million	Provision of services RMB million	Total RMB million
Types of goods or services						
Retail gas sales business	60,248	–	60,248	60,749	–	60,749
Integrated energy business	12,598	678	13,276	14,439	834	15,273
Wholesale of gas	30,350	–	30,350	25,143	–	25,143
Construction and installation	–	3,360	3,360	–	4,095	4,095
Smart home business	2,558	2,113	4,671	2,448	2,145	4,593
Total	105,754	6,151	111,905	102,779	7,074	109,853

The performance obligations of the Group are for periods of one year or less. As permitted under HKFRS 15 *Revenue from Contracts with Customers*, the transaction price allocated to these unsatisfied contracts is not disclosed.

During the year ended 31 December 2025, the Group recognised revenue at a point in time amounted to RMB107,867 million (2024: RMB104,924 million) and recognised revenue over time amounted to RMB4,038 million (2024: RMB4,929 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. Segment Information

Information reported to the chief operating decision maker (the “CODM”) of the Company, for the purposes of resource allocation and performance assessment among segments focuses specifically on different type of goods and services.

Segment revenue and results

Segment profit represents the profit earned by each segment without allocation of central administrative expenses, distribution and selling expenses, share of results of associates and joint ventures, other income, other gains and losses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

The following is an analysis of the Group’s revenue and results by reportable segments which are also the operating segments for the year:

2025	Retail gas sales business RMB million	Integrated energy business RMB million	Wholesale of gas RMB million	Construction and installation RMB million	Smart home business RMB million	Total RMB million
Segment revenue	67,717	13,368	45,646	4,762	8,339	139,832
Inter-segment sales	(7,469)	(92)	(15,296)	(1,402)	(3,668)	(27,927)
Revenue from external customers	60,248	13,276	30,350	3,360	4,671	111,905
Segment profit before depreciation and amortisation	7,848	2,838	58	2,065	3,118	15,927
Depreciation and amortisation	(1,721)	(500)	(7)	(403)	(4)	(2,635)
Segment/gross profit	6,127	2,338	51	1,662	3,114	13,292

2024	Retail gas sales business RMB million	Integrated energy business RMB million	Wholesale of gas RMB million	Construction and installation RMB million	Smart home business RMB million	Total RMB million
Segment revenue	69,304	15,482	40,236	5,184	8,400	138,606
Inter-segment sales	(8,555)	(209)	(15,093)	(1,089)	(3,807)	(28,753)
Revenue from external customers	60,749	15,273	25,143	4,095	4,593	109,853
Segment profit before depreciation and amortisation	7,772	2,618	97	2,313	2,978	15,778
Depreciation and amortisation	(1,547)	(398)	(3)	(418)	(7)	(2,373)
Segment/gross profit	6,225	2,220	94	1,895	2,971	13,405

6. Segment Information *(continued)*

Segment assets and liabilities

An analysis of the Group's total assets and liabilities by segments is as follows:

2025	Retail gas sales business RMB million	Integrated energy business RMB million	Wholesale of gas RMB million	Construction and installation RMB million	Smart home business RMB million	Total RMB million
Assets:						
Segment assets	43,564	13,757	3,695	11,535	4,740	77,291
Interests in associates						5,261
Interests in joint ventures						5,490
Assets classified as held for sale						60
Unallocated corporate assets						17,916
Consolidated total assets						106,018
Liabilities:						
Segment liabilities	15,406	2,724	341	11,293	2,422	32,186
Bank and other loans						11,874
Senior notes						7,267
Unallocated corporate liabilities						616
Consolidated total liabilities						51,943
2024	Retail gas sales business RMB million	Integrated energy business RMB million	Wholesale of gas RMB million	Construction and installation RMB million	Smart home business RMB million	Total RMB million
Assets:						
Segment assets	43,453	13,410	3,649	11,743	4,651	76,906
Interests in associates						4,943
Interests in joint ventures						5,433
Unallocated corporate assets						15,938
Consolidated total assets						103,220
Liabilities:						
Segment liabilities	14,762	2,701	216	12,017	2,269	31,965
Bank and other loans						12,112
Senior notes						7,420
Unallocated corporate liabilities						647
Consolidated total liabilities						52,144

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, interests in joint ventures, assets classified as held for sale, unallocated corporate assets, which mainly including deferred tax assets, investment properties, amounts due from associates and joint ventures, equity instruments at FVTOCI, financial assets at FVTPL, derivative financial instruments, certain property, plant and equipment, right-of-use assets, intangible assets, goodwill, other receivables, inventories, amounts due from related parties, restricted bank deposits and cash and cash equivalents, other non-current assets. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and

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For the year ended 31 December 2025

6. Segment Information (continued)

Segment assets and liabilities (continued)

- all liabilities are allocated to reportable segments other than bank and other loans, senior notes, unallocated corporate liabilities, which mainly including lease liabilities, financial guarantee liabilities, share-based payment liabilities, derivative financial instruments and deferred tax liabilities, trade and other payables, contract liabilities, amounts due to related companies, taxation payables, amounts due to associates and joint ventures. Liabilities for which segments are jointly liable are allocated in proportion to segments assets.

For the purposes of presenting segment revenue, results, assets and liabilities, the Group allocates certain property, plant and equipment, intangible assets and right-of-use assets to certain segments with the related depreciation and amortisation to those segments.

Other segment information

Amounts included in the measurement of segment profit and segment assets:

	Retail gas sales business RMB million	Integrated energy business RMB million	Wholesale of gas RMB million	Construction and installation RMB million	Smart home business RMB million	Total RMB million
2025						
Additions to non-current assets (note a)	4,232	1,375	33	821	84	6,545
Depreciation and amortisation	1,721	500	7	403	4	2,635
2024						
Additions to non-current assets (note a)	4,065	1,372	34	794	76	6,341
Depreciation and amortisation	1,547	398	3	418	7	2,373
	Additions to non-current assets (note a)		Depreciation and amortisation			
		2025	2024		2025	2024
		RMB million	RMB million		RMB million	RMB million
Segment total		6,545	6,341		2,635	2,373
Adjustments (note b)		382	230		851	733
Total		6,927	6,571		3,486	3,106

Notes:

- Non-current assets represent property, plant and equipment, right-of-use assets and intangible assets.
- Adjustments represent amounts incurred for corporate headquarters and are not allocated to operating segments.

There is no single customer contributing more than 10% of the total revenue of the Group for both years.

The following is an analysis of the Group's revenue and results by location:

	For the year ended 31 December			
	Mainland China		Overseas	
	2025	2024	2025	2024
	RMB million	RMB million	RMB million	RMB million
Revenue	111,675	109,347	230	506
Segment/gross profit	13,276	13,350	16	55

Substantially all of the Group's revenue, segment profit and non-current assets are from the Mainland China. For the year ended 31 December 2025, no revenue nor gross profit was generated from overseas in the wholesale gas sales segment (2024: revenue RMB265 million; gross profit RMB34 million).

7. Other Income

	2025 RMB million	2024 RMB million
Other income mainly includes:		
Incentive subsidies (note a)	277	484
Dividend income from equity instruments at FVTOCI	8	10
Dividend income from financial assets at FVTPL (note b)	140	128
Interest income on bank deposits	56	153
Interest income on loan receivables from joint ventures, associates and related parties	22	16
Interest income on loan receivables from third parties	45	65
Rental income from investment properties	10	13
Rental income from equipment	50	36

Notes:

- a. The amount mainly represents refunds of various taxes as incentives and other incentives related to the Group's operation by the government authorities in various cities of the PRC.
- b. During the year ended 31 December 2025, the Group received and recognised dividend income of approximately RMB5 million (2024: RMB5 million) and RMB135 million (2024: RMB123 million) from Shanghai Dazhong Public Utilities (Group) Co., Ltd ("Shanghai Utilities") and Sinopec Marketing Co., Ltd ("Sinopec Marketing"), respectively.

8. Other Gains and Losses

	2025 RMB million	2024 RMB million
Net (loss) gain on disposal of:		
– Property, plant and equipment	(219)	(89)
– Right-of-use assets	21	6
– Subsidiaries (Note 46)	111	41
– Joint ventures/associates	(13)	(1)
Decrease in fair value of investment properties (Note 17)	(5)	(16)
Net gain (loss) of:		
– Derivative financial instruments (Note 23)	295	(145)
– Financial assets at FVTPL (Note 24)	(101)	110
– Early redemption of senior notes (Note 41)	–	47
Impairment losses under ECL model, net of reversal		
– Trade and other receivables	(270)	(281)
– Contract assets	(46)	(7)
– Amounts due from associates/joint ventures/related companies	(199)	(38)
Impairment losses recognised in respect of:		
– Property, plant and equipment	(211)	(119)
– Intangible assets	(15)	(43)
– Goodwill	(18)	–
Gain (loss) on foreign exchange, net (note)	75	(211)
Net compensation income	44	108
Others	8	(4)
	(543)	(642)

Note: Included in the amount for the year ended 31 December 2025 is an exchange gain of approximately RMB166 million (2024: exchange loss RMB113 million) arising from the translation of senior notes denominated in United States dollars ("USD").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. Finance Costs

	2025 RMB million	2024 RMB million
Interest on:		
Bank and other loans	362	497
Senior notes	316	318
Lease liabilities	32	35
	710	850
Less: Amount capitalised under properties under construction (note)	(71)	(89)
	639	761
Fair value gain on foreign currency derivatives designated as cash flow hedges for USD debts	(46)	(28)
	593	733

Note: Borrowing costs capitalised during both years were incurred on funds borrowed specifically and generally for the purpose of expenditure on qualifying assets. In respect of funds borrowed generally for the purpose of expenditure on qualifying assets, the amount of borrowing costs capitalised during the year was calculated by applying a capitalisation rate of 3.02% (2024: 3.34%) per annum.

10. Profit Before Tax

	2025 RMB million	2024 RMB million
Profit before tax has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments	4,479	4,316
Less: Amount of staff costs capitalised under properties under construction	(177)	(179)
	4,302	4,137
Depreciation and amortisation:		
Property, plant and equipment	2,761	2,473
Intangible assets	452	392
Right-of-use assets	245	241
Other non-current assets	28	–
Total depreciation and amortisation (note a)	3,486	3,106
Auditors' remuneration:		
Deloitte Touche Tohmatsu		
Audit services	9	8
Non-audit services (note b)	4	2
Other auditors	12	11
Total auditors remuneration:	25	21
Research and development costs recognised as an expense (included in administrative expenses)	256	366
Expense relating to short-term lease and others	59	51

Note a: Allocation of total staff costs and depreciation and amortisation are as follows:

	2025 RMB million	2024 RMB million
Staff costs included in:		
Cost of sales	1,244	1,234
Distribution and selling expenses	973	869
Administrative expenses	2,085	2,034
	4,302	4,137
Depreciation and amortisation included in:		
Cost of sales	2,635	2,373
Distribution and selling expenses	237	201
Administrative expenses	614	532
	3,486	3,106

Note b: Non-audit services provided by Deloitte Touche Tohmatsu comprised interim review, assurance and non-assurance services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. Directors', Chief Executive's and Employees' Emoluments

a. Directors' emoluments

Emoluments paid and payable to the Directors for the year were as follows:

Name of Directors	2025				
	Fee RMB'000	Salaries and allowance RMB'000	Discretionary performance bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total emoluments RMB'000
Executive Directors: (note a)					
Wang Yusuo (Chairman)	–	2,900	–	–	2,900
Zhang Yuying (Chief Executive Officer)	–	2,400	2,280	253	4,933
Wang Dongzhi (Chief Financial Officer)	–	1,950	1,230	221	3,401
Zhang Jin	–	1,720	1,080	100	2,900
Gong Luojian ³ (President)	–	1,250	1,410	196	2,856
Su Li ⁴	–	1,500	1,690	199	3,389
Liu Jianfeng ¹	–	714	–	28	742
Jiang Chenghong ²	–	222	–	–	222
Sub-total	–	12,656	7,690	997	21,343
Non-executive Director:					
Wang Zizheng	600	–	–	17	617
Sub-total	600	–	–	17	617
Independent Non-executive Directors: (note b)					
Ma Zhixiang	600	–	–	–	600
Yuen Po Kwong	600	–	–	–	600
Law Yee Kwan, Quinn	600	–	–	–	600
Wong Lai, Sarah	600	–	–	–	600
Sub-total	2,400	–	–	–	2,400
Total	3,000	12,656	7,690	1,014	24,360

11. Directors', Chief Executive's and Employees' Emoluments (continued)

a. Directors' emoluments (continued)

Name of Directors	Fee RMB'000	2024			Total emoluments RMB'000
		Salaries and allowance RMB'000	Discretionary performance bonus RMB'000	Retirement benefit scheme contributions RMB'000	
Executive Directors: (note a)					
Wang Yusuo (Chairman)	–	2,901	–	–	2,901
Zhang Yuying (Chief Executive Officer)	–	2,400	2,290	250	4,940
Liu Jianfeng ¹	–	2,750	1,720	250	4,720
Wang Dongzhi (Chief Financial Officer)	–	1,950	1,230	203	3,383
Zhang Jin	–	1,720	1,060	86	2,866
Jiang Chenghong ²	–	1,330	840	–	2,170
Sub-total	–	13,051	7,140	789	20,980
Non-executive Director:					
Wang Zizheng	600	–	–	16	616
Sub-total	600	–	–	16	616
Independent Non-executive Directors: (note b)					
Ma Zhixiang	600	–	–	–	600
Yuen Po Kwong	600	–	–	–	600
Law Yee Kwan, Quinn	600	–	–	–	600
Wong Lai, Sarah	600	–	–	–	600
Sub-total	2,400	–	–	–	2,400
Total	3,000	13,051	7,140	805	23,996

¹ Mr. Liu Jianfeng has been resigned as an executive director of the Company on 25 February 2025.

² Mr. Jiang Chenghong has been resigned as an executive director of the Company on 25 February 2025.

³ Mr. Gong Luojian has been appointed as an executive director of the Company on 25 February 2025.

⁴ Ms. Su Li has been appointed as an executive director of the Company on 25 February 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. Directors', Chief Executive's and Employees' Emoluments (continued)

a. Directors' emoluments (continued)

Notes:

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

None of the Directors waived any emoluments or received any compensation for loss of office in connection with the management of the affairs of any member of the Group or as inducement to join the Company during both years. The discretionary performance bonus is determined by reference to the Group's performance during the year.

b. Five highest paid individuals

None of the five highest paid individuals received any compensation for loss of office in connection with the management of the affairs of any member of the Group or as inducement to join the Company during both years.

The five highest paid employees of the Group during the year included five (2024: four) directors, details of whose remuneration are set out in Note 11(a). Details of the remuneration for the year of the remaining one highest paid employee in 2024 who is neither a director nor chief executive of the Company are as follows:

	2024 RMB'000
Salaries and allowance	1,800
Discretionary performance bonus	1,730
Retirement benefits scheme contributions	132
	3,662

Note: The highest paid employee in 2024 has been appointed as an executive director of the Company on 25 February 2025. Details of her remuneration after the appointment are set out in Note 11(a).

The number of the highest paid employees in Hong Kong Dollar ("HK\$") including the Directors whose remuneration fell within the following bands is as follows:

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

12. Income Tax Expense

	2025 RMB million	2024 RMB million
Current tax	2,088	2,201
Overprovision in prior years	(4)	(76)
	2,084	2,125
Deferred tax (Note 32)	(293)	(204)
	1,791	1,921

As the major operating income of the Group are derived from the PRC, the tax expenses arose principally from PRC for both years. Under the Enterprise Income Tax Law of the PRC (the "EIT Law") and Detailed Rules for the Implementation of the EIT Law (the "Implementation Rules"), the tax rate applicable for PRC entities is 25%.

Certain subsidiaries of the Company are qualified as "High and New Technology Enterprises", which are subject to PRC Enterprise Income Tax at the preferential rate of 15% of the estimated assessable profit as determined in accordance with relevant tax rules and regulations in the PRC. This preferential rate could be applied for three years and the subsidiaries are eligible to apply the tax concession again upon expiry of the three-year period.

Hong Kong and Singapore Profits Tax are calculated at 16.5% and 17% of the estimated assessable profit for both years respectively.

The Group is operating in certain jurisdictions where the Global Anti-base Erosion Rules ("GloBE Rules") is effective on 1 January 2025. 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 GloBE Rules based on Management's best estimate, the Management of the Group has not made relevant disclosures of qualitative and quantitative information about the Group's exposure to the Pillar Two income taxes.

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

	2025 RMB million	2024 RMB million
Profit before tax	8,614	8,797
Tax at the PRC Enterprise Income Tax rate of 25% (2024: 25%)	2,154	2,199
Tax effects of share of results of associates	(107)	(85)
Tax effects of share of results of joint ventures	(135)	(143)
Tax effects of income not taxable for tax purpose	(239)	(241)
Tax effects of expenses not deductible for tax purpose	108	211
Tax effects of tax losses not recognised	316	355
Utilisation of tax losses previously not recognised	(233)	(169)
Tax effect of deductible temporary differences not recognised	128	40
Tax concession and exemption granted to certain PRC subsidiaries	(142)	(143)
Effect of different tax rates of non-PRC subsidiaries	(12)	(7)
Overprovision in prior years	(4)	(76)
Withholding tax on undistributed profit of PRC entities	(43)	(20)
Income tax expense for the year	1,791	1,921

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. Dividends

	2025 RMB million	2024 RMB million
Final dividend of HK\$2.35 (equivalent to approximately RMB2.19) per share (2024: HK\$2.31 (equivalent to approximately RMB2.09) per share) (note a)	2,442	2,376
Interim dividend of HK\$0.65 (equivalent to approximately RMB0.59) per share (2024: HK\$0.65 (equivalent to approximately RMB0.59) per share) (note b)	671	673
Less: Dividend for shares held under the Share Award Scheme	(54)	(34)
	3,059	3,015

Note a: The final dividend for the fiscal year 2024 of the Company was declared on 26 March 2025 and paid on 25 July 2025.

Note b: The interim dividend for the fiscal year 2025 of the Company was paid on 28 November 2025.

Note c: After the end of the reporting period, the Board has recommended a final dividend of HK\$2.35 per share (equivalent to approximately RMB2.12 per share), with a total amount of HK\$2,660 million for the year ended 31 December 2025, and is subject to the approval by the shareholders in the forthcoming Annual General Meeting ("AGM"). The final dividend proposed after the end of the reporting period has not been recognised as a liability in the consolidated financial statements.

14. Earnings Per Share

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

Basic earnings per share

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

	2025	2024
Profit for the year attributable to the owners of the Company (RMB million)	5,904	5,987
Weighted average number of ordinary shares	1,111,321,617	1,119,061,515
Basic earnings per share (RMB)	5.31	5.35

Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2025 and 2024 are calculated assuming all dilutive potential shares were converted during the year.

	2025	2024
Earnings		
Earnings for the purpose of diluted earnings per share (RMB million)	5,904	5,987
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	1,111,321,617	1,119,061,515
Effect of dilutive potential shares:		
– share options	184,863	219,986
Weighted average number of shares for the purpose of diluted earnings per share	1,111,506,480	1,119,281,501
Diluted earnings per share (RMB)	5.31	5.35

15. Property, Plant and Equipment

	Leasehold land and buildings	Pipelines	Machinery and equipment	Motor vehicles	Office equipment	Properties under construction	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
COST							
At 1 January 2024	6,142	42,755	8,024	375	2,814	3,473	63,583
Acquisition of subsidiaries	–	83	1	–	1	4	89
Additions	68	461	734	52	150	4,204	5,669
Transfer from investment properties	7	–	–	–	–	–	7
Reclassification	455	2,904	1,220	–	86	(4,665)	–
Disposal of subsidiaries (Note 46)	(22)	(28)	(13)	(9)	(1)	(6)	(79)
Disposals	(84)	(217)	(181)	(74)	(57)	–	(613)
At 31 December 2024	6,566	45,958	9,785	344	2,993	3,010	68,656
Acquisition of subsidiaries (Note 45)	34	49	170	–	–	15	268
Additions	233	123	1,116	30	92	4,511	6,105
Transfer from investment properties	20	–	–	–	–	–	20
Transfer to investment properties	(13)	–	–	–	–	–	(13)
Reclassification	237	2,496	1,899	–	137	(4,769)	–
Disposal of subsidiaries (Note 46)	(2)	(6)	(393)	–	(39)	(18)	(458)
Disposals	(97)	(324)	(381)	(38)	(64)	(17)	(921)
At 31 December 2025	6,978	48,296	12,196	336	3,119	2,732	73,657
DEPRECIATION AND IMPAIRMENT							
At 1 January 2024	1,334	7,833	2,199	238	1,649	–	13,253
Provided for the year	178	1,374	665	40	216	–	2,473
Impairment loss	27	26	64	–	2	–	119
Disposal of subsidiaries (Note 46)	(5)	(4)	(12)	(6)	(1)	–	(28)
Eliminated on disposals	(27)	(65)	(113)	(65)	(42)	–	(312)
At 31 December 2024	1,507	9,164	2,803	207	1,824	–	15,505
Provided for the year	194	1,459	837	40	231	–	2,761
Impairment loss	53	102	42	1	13	–	211
Disposal of subsidiaries (Note 46)	–	(1)	(37)	–	(5)	–	(43)
Transfer to investment properties	(2)	–	–	–	–	–	(2)
Eliminated on disposals	(32)	(153)	(231)	(32)	(49)	–	(497)
At 31 December 2025	1,720	10,571	3,414	216	2,014	–	17,935
CARRYING VALUES							
At 31 December 2025	5,258	37,725	8,782	120	1,105	2,732	55,722
At 31 December 2024	5,059	36,794	6,982	137	1,169	3,010	53,151

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15. Property, Plant and Equipment *(continued)*

The above items of property, plant and equipment, other than properties under construction, are depreciated on a straight-line basis as follows:

Leasehold land and buildings	Over the shorter of 30 years or the term of the leases
Pipelines	Over the shorter of 30 years or the term of the leases
Machinery and equipment	10–15 years
Motor vehicles	6 years
Office equipment	6 years

At the end of the reporting period, except for certain land and buildings with carrying value of RMB30 million (2024: RMB31 million) which are located in Hong Kong, the remaining land and buildings are located in the PRC.

At the end of the reporting period, the Group is in the process of applying for ownership certificates for its certain buildings in the PRC amounting to approximately RMB249 million (2024: RMB512 million).

Impairment assessment

The Management of the Group concluded there was an indication of impairment when the financial performance of the relevant subsidiaries was not in accordance with expectation. As a result, impairment assessments based on certain CGUs within the integrated energy business and the sales of piped gas business segments were conducted respectively.

CGUs of integrated energy business in the PRC

For the individual asset or CGUs of integrated energy business in the PRC, the Group prepares a cash flow projection based on Management best estimate. The cash flow projections for the first three years are based on financial budgets approved by Management which are prepared based on the pattern consistent with the track record of the respective entities, taking into account the stage of the development of the respective integrated energy projects. The revenues beyond the 3 years period but within the fifth (2024: fifth) year are estimated using the annualised growth rates for each CGU ranging from 0.00% to 4.41% (2024: 0.00% to 5.41%). For cash flow on the remaining contractual operating period, a steady growth rate of 2.00% (2024: 2.00%) will be adopted.

The Directors estimate discount rate using pre-tax rate that reflect current market assessment of the time value of money and the risks specific to the individual asset or CGU and determined the discount rate to be 14.25% (2024: 14.24%).

CGUs of sales of piped gas business in the PRC

For the individual asset or CGUs of sales of piped gas business in the PRC, the Group prepares a cash flow projection based on Management best estimate. The details were set out in Note 18.

Based on the result of the assessment, the Management of the Group determined that the carrying values of relevant assets were impaired to their recoverable amount of RMB2,191 million (2024: RMB3,479 million) at year end, and an impairment of RMB211 million (2024: RMB119 million) was recognised, in which RMB167 million is related to the individual assets or CGUs of integrated energy business as certain projects does not develop under market volatility and RMB44 million is related to the CGUs of sales of piped gas business at the same reason set out in Note 18, has been recognised in profit or loss within the relevant functions to which these assets relate during the year.

16. Right-of-Use Assets

	Land use rights RMB million	Leasehold land and buildings RMB million	Motor vehicles RMB million	Equipment RMB million	Total RMB million
As at 1 January 2024	1,976	384	–	391	2,751
Acquisition of subsidiaries	3	–	–	–	3
Additions	55	86	1	154	296
Disposal of subsidiaries (Note 46)	(21)	–	–	–	(21)
Disposals	(24)	(11)	–	–	(35)
Depreciation	(64)	(120)	–	(57)	(241)
As at 31 December 2024	1,925	339	1	488	2,753
Acquisition of subsidiaries (Note 45)	1	–	–	–	1
Additions	71	97	1	17	186
Disposal of subsidiaries (Note 46)	(2)	–	–	–	(2)
Disposals	(12)	(71)	–	(122)	(205)
Depreciation	(63)	(108)	–	(74)	(245)
As at 31 December 2025	1,920	257	2	309	2,488

	2025 RMB million	2024 RMB million
Expenses relating to short-term leases	59	51
Variable lease payments not included in the measurement of lease liabilities	12	9
Total cash outflow for leases	289	273

The Group leases various offices, warehouses, equipment and vehicles for its operations. Lease contracts are entered into for fixed term of 1 month to 50 years, but may have extension and termination options. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

At the end of the reporting period, the Group is in the process of applying for the land use right certificates for the land in the PRC amounting to approximately RMB32 million (2024: RMB49 million). In the opinion of the Directors, the Group is not required to incur additional cost in obtaining the land use right certificates.

The Group entered into several short-term leases for various offices, warehouses, equipment and vehicles. As at 31 December 2025, the total outstanding commitments of such leases is RMB8 million (2024: RMB13 million).

The Management conducted impairment assessment on relevant right-of-use assets in accordance with the methodology disclosed in Note 15 and no impairment has been recognised.

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17. Investment Properties

	RMB million
FAIR VALUE	
At 1 January 2024	268
Exchange realignment	1
Net decrease in fair value recognised in other gains and losses	(16)
Transfer to property, plant and equipment	(7)
At 31 December 2024	246
Exchange realignment	(1)
Net decrease in fair value recognised in other gains and losses	(5)
Transfer from property, plant and equipment	11
Transfer to property, plant and equipment	(20)
At 31 December 2025	231

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. These investment properties include land and buildings which comprise operating leases in respect of properties situated in the PRC and Hong Kong.

The fair value of the Group's investment properties at 31 December 2025 and 2024 has been arrived at on the basis of a valuation carried out on those dates by Knight Frank Petty Limited, a firm of independent valuers. The fair value was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. A significant increase in the market rent used would result in a significant increase in fair value, and vice versa. The Group's investment properties were classified in the Level 3 of fair value hierarchy as at 31 December 2025 and 2024.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

18. Goodwill

	2025 RMB million	2024 RMB million
COST		
At 1 January and 31 December	2,571	2,571
IMPAIRMENT		
At 1 January	(67)	(67)
Impairment loss	(18)	–
At 31 December	(85)	(67)
CARRYING VALUES		
At 31 December	2,486	2,504

18. Goodwill (continued)

Note: For the purposes of impairment testing, goodwill has been allocated to the following CGUs. At the end of the reporting period, the carrying value of goodwill mainly represents goodwill arising from the acquisition of:

	2025	2024
	RMB million	RMB million
Integrated energy business located in the PRC	2,028	2,028
Sale of piped gas business located in Xuancheng, the PRC	100	100
Sale of piped gas business located in Linyi, the PRC	15	15
Sale of piped gas business located in Pujiang, the PRC	27	27
Sale of piped gas business located in Inner Mongolia, the PRC	21	21
Sale of piped gas business located in Jiangsu, the PRC	62	62
Sale of piped gas business located in Harbin, the PRC	–	18
Other CGUs of sales of piped gas business, the PRC	233	233
	2,486	2,504

Impairment assessment

The Group assesses goodwill for impairment annually, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined based on their value in use calculations.

CGUs of integrated energy business in the PRC

The recoverable amounts of the CGU of a group of entities principally engaged in integrated energy business in the PRC with allocated goodwill are determined based on value in use calculations. The Group prepares cash flow projection for integrated energy business in the PRC covering a 5-year (2024: 5-year) period and the cash flow beyond the 5-year (2024: 5-year) period was extrapolated using a steady growth rate of 2.00% (2024: 2.00%). For the 5-year (2024: 5-year) period, the first three years are based on financial budgets approved by Management and based on the pattern consistent with the track record of the respective entities, taking into account the stage of the development of the respective integrated energy projects. The revenues beyond the 3-year period but within the fifth year (2024: beyond the 3-year period but within the fifth year) were estimated using an annualised growth rate of 3.35% (2024: 3.56%). The growth rate is based on the Management's estimation on the respective entities projected market share and do not exceed the average long-term growth rate for the relevant industry. The gross profit margin will be assumed the same beyond the 5-year (2024: 5-year) period.

The Directors estimate discount rate using pre-tax rate that reflect current market assessment of the time value of money and the risks specific to the CGU and determined the discount rate to be 14.25% (2024: 14.24%).

The Directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amounts of respective CGUs to exceed the recoverable amount of respective CGUs.

CGUs of sales of piped gas business in the PRC

For the CGUs of sales of piped gas business in the PRC, the Group prepares a cash flow projection based on Management best estimate. The cash flow projections for the first three years are based on financial budgets approved by Management which are prepared based on the pattern consistent with the track record of the respective entities, taking into account the stage of the development of the respective gas projects. From the fourth to the tenth years, cash flow are extrapolated using an estimated growth pattern at the annualised growth rates of revenue for each CGU ranging from 1.06% to 5.42% (2024: 0.71% to 5.80%). For cash flow on the remaining contractual operating period, i.e. beyond the tenth year, a steady growth rate of 2.00% (2024: 2.00%) will be adopted.

The growth rates are based on the Management's estimation on the respective entities' projected market share and will not exceed the growth rate of natural gas consumption projected by the relevant government authorities. The gross profit margin is based on past practices and economic data relevant to the industry.

The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs and determined the discount rate to be 11.17% to 15.70% (2024: 12.37% to 15.44%).

The Directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amounts of CGUs to exceed the recoverable amount of respective CGUs except for the CGUs with impairment as below.

Based on the result of the assessment, an impairment of RMB18 million (2024: nil) has been recognised during the year as a certain entity of the retail gas sales business has suffered losses due to the market volatility of the natural gas.

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19. Intangible Assets

	Right of operation	Customer base	Software	Technology	Development cost	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
COST						
At 1 January 2024	5,084	90	667	549	320	6,710
Additions	203	–	120	–	191	514
Reclassification	–	–	280	–	(280)	–
At 31 December 2024	5,287	90	1,067	549	231	7,224
Additions	–	–	64	–	269	333
Acquisition of subsidiaries (Note 45)	34	–	–	–	–	34
Reclassification	–	–	242	–	(242)	–
At 31 December 2025	5,321	90	1,373	549	258	7,591
AMORTISATION AND IMPAIRMENT						
At 1 January 2024	1,829	43	203	294	–	2,369
Charge for the year	230	5	102	55	–	392
Impairment loss	43	–	–	–	–	43
At 31 December 2024	2,102	48	305	349	–	2,804
Charge for the year	228	5	164	55	–	452
Impairment loss	15	–	–	–	–	15
At 31 December 2025	2,345	53	469	404	–	3,271
CARRYING VALUES						
At 31 December 2025	2,976	37	904	145	258	4,320
At 31 December 2024	3,185	42	762	200	231	4,420

Right of operation and customer base are amortised on a straight-line method over the operation periods ranging from 10 to 50 years and from 15 to 50 years, respectively.

Software and technology are amortised on a straight-line method over the periods ranging from 1 to 10 years.

Development cost mainly represents expenditure incurred during the development phase of the Group's integrated energy service technologies and intelligent transformation of pipeline network.

Impairment assessment

The Management of the Group concluded there was an indication of impairment when the financial performance of the relevant subsidiaries was not in accordance with expectation. For the CGUs of sales of piped gas business in the PRC, the Group prepares a cash flow projection based on Management best estimate. The details were set out in Note 18.

Based on the result of the assessment, the Management of the Group determined that the carrying values of right of operation were impaired to their recoverable amount of RMB505 million (2024: RMB563 million) at year end, and an impairment of RMB15 million (2024: RMB43 million) was recognised, as certain entities of the sales of piped gas business have been suffering losses due to market volatility of the natural gas.

20. Interests in Associates

	2025 RMB million	2024 RMB million
Cost of investments	4,007	3,912
Share of post-acquisition profits, net of dividends received	1,254	1,031
	5,261	4,943

Included in the interests in associates is goodwill of approximately RMB57 million (2024: RMB57 million) arising on acquisitions.

The associates are accounted for using the equity method in these consolidated financial statements.

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

Name of company	Form of business structure	Place of establishment/ operation	Proportion of nominal value of registered capital held		Principal activities
			by the Group 2025	2024	
石家莊昆侖新奧燃氣有限公司 ("Shijiazhuang Kunlun")	Incorporated	The PRC	46%	46%	Investment in gas pipeline infrastructure and sales of piped gas and gas appliances
長沙新奧燃氣有限公司 ("Changsha Xinao")	Incorporated	The PRC	49%	49%	Investment in gas pipeline infrastructure and sales of piped gas and gas appliances

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

Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates are set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRS Accounting Standards.

Shijiazhuang Kunlun

	2025 RMB million	2024 RMB million
Current assets	797	640
Non-current assets	2,123	2,111
Current liabilities	721	827
Non-current liabilities	567	453
Non-controlling interests	137	139

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20. Interests in Associates *(continued)***Summarised financial information of material associates** *(continued)**Shijiazhuang Kunlun (continued)*

	2025	2024
	RMB million	RMB million
Revenue	1,854	1,891
Profit and total comprehensive income for the year	234	177
Dividends received from Shijiazhuang Kunlun during the year	33	31

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shijiazhuang Kunlun is recognised in the consolidated financial statements:

	2025	2024
	RMB million	RMB million
Net assets of Shijiazhuang Kunlun attributable to the owners	1,495	1,332
Proportion of the Group's ownership interest in Shijiazhuang Kunlun	688	613

Changsha Xinao

	2025	2024
	RMB million	RMB million
Current assets	1,119	1,274
Non-current assets	5,049	5,052
Current liabilities	2,862	3,252
Non-current liabilities	401	452
Non-controlling interests	58	50

	2025	2024
	RMB million	RMB million
Revenue	5,220	5,250
Profit and total comprehensive income for the year	276	217

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

	2025	2024
	RMB million	RMB million
Net assets of Changsha Xinao attributable to the owners	2,847	2,572
Proportion of the Group's ownership interest in Changsha Xinao	1,395	1,260

Aggregate information of associates that are not individually material:

	2025	2024
	RMB million	RMB million
Profit and total comprehensive income for the year	499	468
Group's share of profit and total comprehensive income from associates for the year	185	151
Aggregate carrying amount of the Group's interests in these associates	3,178	3,070

21. Interests in Joint Ventures

	2025 RMB million	2024 RMB million
Cost of investments	3,064	3,302
Share of post-acquisition profits, net of dividends received	2,349	2,032
	5,413	5,334
Deemed capital contribution		
Financial guarantee	73	95
Fair value adjustments on interest-free advances	4	4
	77	99
	5,490	5,433

Included in the interests in joint ventures is goodwill of approximately RMB259 million (2024: RMB259 million) arising on acquisitions.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

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

Name of company	Form of business structure	Place of establishment/ operation	Proportion of nominal value of registered capital held by the Group		Principal activities
			2025	2024	
東莞新奧燃氣有限公司 ("Dongguan Xiniao") (note)	Incorporated	The PRC	55%	55%	Investment in gas pipeline infrastructure and sales of piped gas and gas appliances
東莞新奧燃氣發展有限公司 ("Dongguan Xiniao Development") (note)	Incorporated	The PRC	55%	55%	Sales of piped gas

Note: The Group holds more than 50% of the registered capital of these entities but it does not have the power to appoint sufficient number of directors to control these entities and the joint venture partners in each entity control jointly on the operational and financial policies of each entity. Accordingly, these entities are classified as joint ventures of the Group.

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

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21. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint ventures are set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRS Accounting Standards.

Dongguan Xinao

	2025 RMB million	2024 RMB million
Current assets	1,609	1,824
Non-current assets	5,516	5,563
Current liabilities	4,390	4,921
Non-current liabilities	82	59
Non-controlling interests	311	271

The above amounts of assets and liabilities include the following:

	2025 RMB million	2024 RMB million
Cash and cash equivalents	144	122
Current financial liabilities (excluding trade and other payables)	341	716

	2025 RMB million	2024 RMB million
Revenue	8,344	8,070
Profit and total comprehensive income for the year	365	270

The above profit for the year includes the following:

	2025 RMB million	2024 RMB million
Depreciation and amortisation	288	220
Interest income	17	23
Interest expense	54	57
Income tax expense	92	62

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

	2025 RMB million	2024 RMB million
Net assets of Dongguan Xinao attributable to the owners	2,342	2,136
Proportion of the Group's ownership interest in Dongguan Xinao	1,288	1,175
Goodwill	31	31
Carrying amount of the Group's interest in Dongguan Xinao	1,319	1,206

21. Interests in Joint Ventures *(continued)***Summarised financial information of material joint ventures** *(continued)**Dongguan Xinao Development*

	2025	2024
	RMB million	RMB million
Current assets	1,870	1,730
Non-current assets	40	38
Current liabilities	530	482
Non-controlling interests	80	79

The above amounts of assets and liabilities include the following:

	2025	2024
	RMB million	RMB million
Cash and cash equivalents	170	123

	2025	2024
	RMB million	RMB million
Revenue	2,047	1,519
Profit and total comprehensive income for the year	283	322
Dividends received from Dongguan Xinao Development during the year	190	70

The above profit for the year includes the following:

	2025	2024
	RMB million	RMB million
Interest income	10	8
Income tax expense	101	116

Reconciliation of the above recognised financial information to the carrying amount of the interest in Dongguan Xinao Development recognised in the consolidated financial statements:

	2025	2024
	RMB million	RMB million
Net assets of Dongguan Xinao Development attributable to the owners	1,300	1,207
Proportion of the Group's ownership interest in Dongguan Xinao Development	715	664

Aggregate information of joint ventures that are not individually material:

	2025	2024
	RMB million	RMB million
Profit and total comprehensive income for the year	367	497
Group's share of profit and total income from joint ventures for the year	183	247
Aggregate carrying amount of the Group's interests in these joint ventures	3,456	3,563

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22. Trade and Other Receivables

	2025 RMB million	2024 RMB million
Trade receivables	3,899	4,319
Less: Allowance for credit losses	(1,371)	(1,169)
	2,528	3,150
Bills receivable (note)	1,084	1,132
Other receivables	703	666
Loan receivables	76	249
	1,863	2,047
Less: Allowance for credit losses	(130)	(62)
	1,733	1,985
Deductible input value added tax and prepayment of other taxes and charges	1,952	1,697
Advances to suppliers and prepayments	2,843	2,999
Total trade and other receivables	9,056	9,831
Analysed for reporting purpose as:		
Current portion	9,040	9,828
Non-current portion	16	3

Note: The bills receivable were endorsed by PRC banks for guarantee payments and the default risk is considered to be minimal.

As at 31 December 2025, all bills receivable are with a maturity period of less than one year.

The following is an aged analysis of trade receivables, net of allowance for credit losses presented based on invoice date at the end of the reporting period:

	2025 RMB million	2024 RMB million
0 to 3 months	1,303	1,718
4 to 6 months	203	211
7 to 9 months	180	252
10 to 12 months	135	164
More than one year	707	805
	2,528	3,150

As at 1 January 2024, trade receivables, net of allowance for credit losses amounted to RMB3,090 million.

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB1,347 million (2024: RMB1,562 million) which are past due at the end of the reporting period and is not considered as in default because the Group has assessed the historical payment pattern of the debtors and the credit quality of these customers.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2025 are set out in Note 50.

23. Derivative Financial Instruments

	2025 RMB million	2024 RMB million
Derivative financial assets		
Derivatives designated as cash flow hedges:		
Foreign currency derivative contracts (note a)	4	229
Commodity derivative contracts (note b)	–	15
Derivatives not designated in hedge accounting:		
Foreign currency derivative contracts (note a)	–	82
Commodity derivative contracts (note b)	38	9
	42	335
Derivative financial liabilities		
Derivatives designated as cash flow hedges:		
Foreign currency derivative contracts (note a)	84	–
Commodity derivative contracts (note b)	10	36
Derivatives not designated in hedge accounting:		
Foreign currency derivative contracts (note a)	5	–
Commodity derivative contracts (note b)	197	309
	296	345
Analysed for reporting purpose as:		
Assets		
Current portion	38	196
Non-current portion	4	139
Liabilities		
Current portion	224	345
Non-current portion	72	–

For the year ended 31 December 2025

	Commodity Derivatives RMB million	Foreign Currency Derivatives RMB million	Total RMB million
Net unrealised fair value (loss) gain included in other gains and losses			
Derivatives designated as cash flow hedges – ineffective portion	–	(79)	(79)
Derivatives not designated in hedge accounting	206	(83)	123
	206	(162)	44
Net realised fair value gain included in other gains and losses			
Derivatives not designated in hedge accounting	216	35	251
	422	(127)	295

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23. Derivative Financial Instruments *(continued)*

For the year ended 31 December 2024

	Commodity Derivatives RMB million	Foreign Currency Derivatives RMB million	Total RMB million
Net unrealised fair value (loss) gain included in other gains and losses			
Derivatives designated as cash flow hedges – ineffective portion	(15)	13	(2)
Derivatives not designated in hedge accounting	(508)	78	(430)
	(523)	91	(432)
Net realised fair value gain included in other gains and losses			
Derivatives not designated in hedge accounting	254	33	287
	(269)	124	(145)

Notes:

- a. The Group is exposed to exchange rate risk mainly arising from various bonds and LNG purchases from suppliers denominated in USD. To manage and mitigate the foreign exchange exposure, the Group entered into various foreign currency derivative contracts (the “Foreign Currency Derivatives”) with certain financial institutions. As at 31 December 2025, the Foreign Currency Derivatives have a total notional amount of USD623 million (2024: USD1,850 million), of which the maturity dates match to the maturity dates of certain debts and transaction dates of certain highly probable LNG purchases denominated in USD, of which USD572 million (2024: USD1,391 million) are accounted for under hedge accounting. The Foreign Currency Derivatives will enable the Group to buy USD at the predetermined RMB/USD exchange rates on maturity dates.
- b. The Group’s two regular operating international long-term LNG sale and purchase agreements, along with certain domestic long-term natural gas procurement agreements, are primarily priced based on international crude oil or natural gas price indices.

The Group is exposed to price risk as the purchase prices of agreements are linked to certain commodity price indexes. The Group manages significant portion of such price exposure through entering into various commodity derivative contracts (the “Commodity Derivatives”) with certain financial institutions. These contracts have been classified as derivative under HKFRS 9 and are required to be measured at FVTPL, in which, certain Commodity Derivatives are designated as hedging instruments and accounted for under hedge accounting.

24. Financial Assets at FVTPL

	2025	2024
	RMB million	RMB million
Financial assets at FVTPL		
Listed equity interest in Shanghai Utilities (note a)	–	260
Unlisted equity interest in Sinopec Marketing (note b)	3,900	4,170
Unlisted equity securities (note c)	1	4
Unlisted wealth management products	7	–
	3,908	4,434
Analysed for reporting purpose as:		
Assets		
Current portion	–	–
Non-current portion	3,908	4,434
Net unrealised gain (loss) included in other gains and losses		
Listed equity interest in Shanghai Utilities (note a)	168	112
Unlisted equity interest in Sinopec Marketing (note b)	(270)	–
Other unlisted equity securities (note c)	1	(2)
	(101)	110

Notes:

- a. It represents 4.38% equity interest in Shanghai Utilities (1635.HK), which was disposed of during this year.
- b. It represents 1.13% unlisted equity interest in Sinopec Marketing.
- c. The unlisted equity securities represent investments in entities incorporated in the PRC.

25. Equity Instruments at FVTOCI

	2025	2024
	RMB million	RMB million
Listed equity securities	85	81
Unlisted equity securities	147	143
	232	224

The above unlisted equity securities represent investments in entities incorporated in the PRC. The Directors have elected to designate these investments as equity instruments at FVTOCI as they believe that the Group will hold these investments for strategic cooperation purpose and has no intention to dispose of these investments in the foreseeable future.

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26. Transfer of Financial Assets

The following were the Group's financial assets as at 31 December 2025 and 2024 that were transferred to banks or suppliers by discounting, pledging to banks or endorsing those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and the corresponding liabilities included in secured borrowings or trade payables respectively. These financial assets are carried at amortised cost in the consolidated statement of financial position.

At 31 December 2025

	Bills receivable discounted or pledged to banks RMB million	Bills receivable endorsed to suppliers RMB million	Total RMB million
Carrying amount of transferred assets	52	489	541
Carrying amount of associated liabilities	(52)	(489)	(541)
	–	–	–

At 31 December 2024

	Bills receivable discounted or pledged to banks RMB million	Bills receivable endorsed to suppliers RMB million	Total RMB million
Carrying amount of transferred assets	83	541	624
Carrying amount of associated liabilities	(83)	(541)	(624)
	–	–	–

27. Other Non-Current Assets

The balance mainly represents the deposits paid for acquisition of property and equipment, land use rights and right of operation, as well as the Group's contract cost for the renovation and enhancement to the existing pipeline to improve the operational safety of the Group. The contract costs incurred are recognised in profit or loss over the shorter of the estimated useful life of the pipeline or the period of future economic benefits of the Group disclosed in Note 10.

28. Contract Assets

	2025 RMB million	2024 RMB million
Gas pipeline installation	842	786
Integrated energy construction contracts	70	62
	912	848

As at 1 January 2024, contract assets amounted to RMB632 million.

Details of the impairment assessment are set out in Note 50.

29. Amounts Due from/to Associates

	2025 RMB million	2024 RMB million
Amounts due from associates:		
Current portion	599	619
Amounts due to associates:		
Current portion	974	713

The aged analysis of the trade receivables from/payables to associates presented based on the invoice date, at the end of the reporting period is as follows:

	2025 RMB million	2024 RMB million
Trade receivables due from associates		
0 to 3 months	141	124
4 to 6 months	22	21
7 to 9 months	29	15
10 to 12 months	11	6
More than one year	68	223
	271	389

	2025 RMB million	2024 RMB million
Trade payables due to associates		
0 to 3 months	47	85
4 to 6 months	15	12
7 to 9 months	10	1
10 to 12 months	1	15
More than one year	17	21
	90	134

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29. Amounts Due from/to Associates (continued)

At 31 December 2025

	Maturity date	Effective interest rate per annum	2025 RMB million
Loans to associates			
Unsecured	22/07/2026–21/05/2028	2.65%-4.75%	41
Loan payables to associates			
Deposit placing in the Group's finance company	–	0.20%	396
Unsecured	26/03/2026–14/10/2027	2.98%-3.50%	187
			583

At 31 December 2024

	Maturity date	Effective interest rate per annum	2024 RMB million
Loans to associates			
Unsecured	22/07/2026–15/01/2028	3.65%-4.75%	37
Loan payables to associates			
Deposit placing in the Group's finance company	–	0.35%	225
Unsecured	07/01/2025–14/10/2025	1.60%-3.85%	248
			473

There is no formal credit period applied to the amounts due from/to associates. The balances are unsecured, interest-free and repayable on demand except for the amounts due from/to associates detailed in the above table. Owing to the strategic relationship with the associates, the Directors are of the view that the balance is not considered as in default.

Details of impairment assessment of amounts due from associates are set out in Note 50.

Balances other than the above disclosed mainly represent prepayments or receipts in advance arising from the purchase or sale of gas with the associates.

30. Amounts Due from/to Joint Ventures

	2025 RMB million	2024 RMB million
Amounts due from joint ventures:		
Current portion	1,268	1,080
Non-current portion	137	–
Amounts due to joint ventures:		
Current portion	1,442	968

Included in the amounts due from joint ventures was approximately RMB251 million (2024: RMB157 million) arising from the deposits placed for purchases of gas by the Group from the joint ventures which are repayable on demand.

The aged analysis of the trade receivables from/payables to joint ventures presented based on the invoice date, at the end of the reporting period is as follows:

	2025 RMB million	2024 RMB million
Trade receivables due from joint ventures		
0 to 3 months	368	399
4 to 6 months	94	92
7 to 9 months	85	51
10 to 12 months	48	26
More than one year	134	56
	729	624

	2025 RMB million	2024 RMB million
Trade payables due to joint ventures		
0 to 3 months	474	520
4 to 6 months	105	21
7 to 9 months	48	4
10 to 12 months	41	5
More than one year	35	57
	703	607

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30. Amounts Due from/to Joint Ventures (continued)

At 31 December 2025

	Maturity date	Effective interest rate per annum	2025 RMB million
Loans to joint ventures			
Unsecured	08/06/2026–31/12/2030	3.00%-4.00%	160
Loan payables to joint ventures			
Deposit placing in the Group's finance company	–	0.20%	239

At 31 December 2024

	Maturity date	Effective interest rate per annum	2024 RMB million
Loans to joint ventures			
Unsecured	10/06/2025–30/12/2030	3.00%-4.00%	87
Loan payables to joint ventures			
Deposit placing in the Group's finance company	–	0.35%	126
Unsecured	27/09/2025–03/03/2026	3.60%	10
			136

There is no formal credit period applied to the amounts due from/to joint ventures. The balances are unsecured, interest-free and repayable on demand except for the amounts due from/to joint ventures detailed in the above table. Owing to the strategic relationship with the joint ventures, the Directors are of the view that the balance is not considered as in default.

Details of impairment assessment of amounts due from joint ventures are set out in Note 50.

31. Amounts Due from/to Related Companies

	2025 RMB million	2024 RMB million
Amounts due from companies controlled by a director and shareholder with significant influence	620	233
Amounts due to companies controlled by a director and shareholder with significant influence	1,642	1,503

The related companies are controlled by Mr. Wang Yusuo (“Mr. Wang”) who is a director and shareholder of the Company with significant influence. The maximum amount outstanding during the year in respect of the related companies is RMB932 million (2024: RMB566 million).

Balances with trade nature other than the trade receivables and payables mainly represent prepayments or receipts in advance arising from the purchase or sale of gas with the related companies.

31. Amounts Due from/to Related Companies *(continued)*

The aged analysis of the trade receivables from/payables to related parties presented based on the invoice date, at the end of the reporting period is as follows:

	2025 RMB million	2024 RMB million
Trade receivables due from related companies		
0 to 3 months	79	56
4 to 6 months	18	10
7 to 9 months	11	10
10 to 12 months	10	11
More than one year	39	64
	157	151

	2025 RMB million	2024 RMB million
Trade payables due to related companies		
0 to 3 months	572	823
4 to 6 months	248	210
7 to 9 months	94	90
10 to 12 months	51	62
More than one year	294	181
	1,259	1,366

There is no formal credit period applied and the balances are repayable on demand. Owing to the strategic relationship with the related companies, the Directors are of the view that the balance is not considered as in default.

Details of impairment assessment of amounts due from related companies are set out in Note 50.

32. Deferred Taxation

	2025 RMB million	2024 RMB million
Deferred tax assets	1,607	1,518
Deferred tax liabilities	(2,255)	(2,440)
	(648)	(922)

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32. Deferred Taxation (continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the years ended 31 December 2025 and 2024:

	Intangible assets	Capitalisation of interest in property, plant and equipment	Undistributed retained profits of PRC entities from 1 January 2008	Deferred income	Unrealised profits	Equipment for one time deduction	Right of use assets	Lease liabilities	Others	Total
	RMB million	RMB million	RMB million (note)	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
As at 1 January 2024	801	273	63	(984)	(603)	1,747	194	(202)	(157)	1,132
(Credit) charge to profit or loss	(73)	11	(20)	37	(42)	(1)	13	(16)	(113)	(204)
Credit to other comprehensive income	-	-	-	-	-	-	-	-	(6)	(6)
As at 1 January 2025	728	284	43	(947)	(645)	1,746	207	(218)	(276)	922
Acquisition of business (Note 45)	15	-	-	-	-	-	-	-	-	15
(Credit) charge to profit or loss	(71)	5	(43)	61	(47)	(69)	(65)	66	(130)	(293)
Charge to other comprehensive income	-	-	-	-	-	-	-	-	4	4
At 31 December 2025	672	289	-	(886)	(692)	1,677	142	(152)	(402)	648

Note: During the year ended 31 December 2022, the Company received the approval from the Hebei Provincial Tax Service of State Administration of Taxation of PRC, confirming the Company is to be treated as a PRC Tax Resident Enterprise starting from 1 January 2022. Therefore, the Company did not recognise withholding tax on undistributed profits of the PRC subsidiaries from then on.

As at 31 December 2025, the Group has unused tax losses of approximately RMB6,463 million (2024: RMB6,440 million) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the uncertainty of future profit streams. The unrecognised tax losses will be expired in the following years ending 31 December:

	2025 RMB million	2024 RMB million
2025	-	361
2026	505	582
2027	2,013	2,286
2028	1,542	1,791
2029	1,139	1,420
2030	1,264	-
	6,463	6,440

33. Inventories

	2025 RMB million	2024 RMB million
Construction materials	402	615
Gas appliances	131	125
Natural gas	988	710
Integrated energy appliances	60	56
Other energy inventories	9	7
	1,590	1,513

The cost of inventories recognised as an expense during the year was approximately RMB92,861 million (2024: RMB91,465 million).

34. Cash and Cash Equivalents/Restricted Bank Deposits

	2025 RMB million	2024 RMB million
Cash and cash equivalents	8,064	7,693
Restricted bank deposits		
Current portion	442	174
Non-current portion	582	580
	1,024	754

	2025 RMB million	2024 RMB million
Bank deposits secured for:		
Right of operation	6	19
Mandatory reserves in the People's Bank of China ("PBOC")	462	438
Energy supplies	227	184
Bills payable	105	92
Others	224	21
	1,024	754

Cash and cash equivalents include bank balances with original maturities less than three months carrying interest at market rates ranging from 0.01% to 1.55% (2024: 0.01% to 1.50%) per annum as at 31 December 2025. The bank balances denominated in RMB are deposited with banks in the PRC.

At the end of the reporting period, the cash and cash equivalents denominated in foreign currencies other than the functional currency of respective group entities is RMB832 million (2024: RMB343 million), of which approximately RMB617 million (2024: RMB210 million) and RMB215 million (2024: RMB133 million) are denominated in USD and HK\$, respectively.

As at 31 December 2025, the restricted bank deposits carry fixed interest rate ranging from 0.02% to 2.45% (2024: from 0.05% to 4.13%) per annum. Except for the amount of mandatory reserves in the PBOC, other restricted bank deposits will be released upon the settlement of bank loans, the expiry of purchase contracts or right of operation. The mandatory reserves in the PBOC classified as non-current assets are deposits placed by the Group's finance company and the reserves amount is subject to change with respect to the savings accepted by the Group's finance company and the PBOC reserve rate is adjusted from time to time.

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35. Lease Liabilities

	2025 RMB million	2024 RMB million
Lease liabilities payables:		
Within one year	109	195
More than one year, but not more than two years	72	152
More than two years, but not more than five years	133	247
More than five years	283	268
	597	862
Analysed for reporting purpose as:		
Current portion	109	195
Non-current portion	488	667
	597	862

The weighted average incremental borrowing rates applied to lease liabilities ranging from 3.04% to 5.23% (2024: from 3.04% to 5.23%).

36. Trade and Other Payables

	2025 RMB million	2024 RMB million
Trade payables	6,073	5,536
Bills payables (note)	472	678
Accrued staff cost	724	687
Other tax payables	253	269
Accrued charges and other payables	1,054	1,033
	8,576	8,203

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoiced amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

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

	2025 RMB million	2024 RMB million
0 to 3 months	3,571	3,447
4 to 6 months	713	480
7 to 9 months	333	223
10 to 12 months	232	185
More than one year	1,224	1,201
	6,073	5,536

The average credit period on purchases of goods is 30 to 90 days.

37. Contract Liabilities

	2025 RMB million	2024 RMB million
Deposit for gas charges and other sales (note a)	9,856	9,871
Deposit for construction and installation contracts (note b)	2,578	2,821
Deferred income (note c)	2,528	2,751
	14,962	15,443
Analysed for reporting purpose as:		
Current portion	12,695	12,943
Non-current portion	2,267	2,500
	14,962	15,443

As at 1 January 2024, contract liabilities amounted to RMB16,401 million.

Contract liabilities are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

The amount of revenue recognised in the current year relates to carried-forward contract liabilities were RMB10,615 million (2024: RMB11,727 million).

Notes:

- a. The Group requires the customers to deposit gas charges into magnetic cards connected to the gas meters or into "IoT meters". When the customers consume the natural gas, corresponding value of deposits will be recognised as revenue in line with the volume of gas consumed at pre-determined unit price. The deposit would typically be consumed within one year.
- b. For construction and installation contracts, the Group normally receives a deposit before construction work commences. The Group continues to recognise revenue over time and apply output method in estimating the performance obligations satisfied throughout the construction and the installation period.
- c. The deferred income represents fees received from certain customers for maintaining the ongoing deliverability to supply gas at the discretion of the customers. The period to supply gas would be consistent with the operating period as stated in the right of operation.

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38. Deferred Income

	2025 RMB million	2024 RMB million
Government grants		
At 1 January	1,040	988
Additions	107	140
Release to profit or loss	(126)	(88)
At 31 December	1,021	1,040
Analysed for reporting purposes as:		
Current portion	88	73
Non-current portion	933	967
	1,021	1,040

39. Share Capital

	2025 Number of shares	2024 Number of shares	2025 HK\$ million	2024 HK\$ million
Shares of HK\$0.10 each Authorised:				
At beginning and end of the year	3,000,000,000	3,000,000,000	300	300
Issued and fully paid:				
At beginning of the year	1,131,224,275	1,131,219,375	113	113
Issue of shares upon exercise of share options (note)	614,989	4,900	–	–
At end of the year	1,131,839,264	1,131,224,275	113	113
			2025 RMB million	2024 RMB million
Presented in consolidated financial statements as:				
At beginning and end of the year			117	117

Note: During the year ended 31 December 2025, 614,989 shares were issued at exercise price of HK\$40.34 per ordinary share (2024: 4,900 shares were issued at exercise price of HK\$40.34 per ordinary share) under Scheme 2012, in relation to the exercise of outstanding share options. These shares rank pari-passu with the then existing shares in all respects as set out in Note 43.

Save as disclosed above and in Note 43, none of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities up to 31 December 2025.

40. Bank and Other Loans

	2025	2024
	RMB million	RMB million
Bank loans		
Secured	209	433
Unsecured	11,515	11,583
	11,724	12,016
Other loans		
Secured	54	–
Unsecured	96	96
	11,874	12,112
The bank and other loans are repayable:		
On demand or within one year	8,785	6,464
More than one year, but not more than two years	2,004	3,567
More than two years, but not more than five years	902	1,746
More than five years	183	335
	11,874	12,112
Analysed for reporting purpose as:		
Current portion	8,785	6,464
Non-current portion	3,089	5,648
	11,874	12,112

As at 31 December 2025 and 2024, all the bank and other loans are denominated in the functional currency of respective group entities.

The secured bank loans are secured by certain assets and rights to receive fee income by certain subsidiaries as set out in Note 49.

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40. Bank and Other Loans (continued)

Details of the terms of the Group's borrowings are set out below:

At 31 December 2025

	Maturity date	Effective interest rate per annum	Carrying amount RMB million
Fixed-rate borrowings			
Unsecured bank loans in RMB	06/01/2026–26/10/2027	1.48%–3.55%	6,591
Unsecured other loans in RMB	31/12/2026	3.79%	96
Secured bank loans in RMB	02/07/2026–13/10/2027	2.80%–3.15%	102
Secured other loans in RMB	09/09/2032	2.85%	54
Total fixed-rate borrowings			6,843
Variable-rate borrowings			
Unsecured bank loans in RMB at PBOC base rate	10/03/2026–13/07/2033	2.20%–4.34%	4,924
Secured bank loans in RMB at PBOC base rate	14/12/2026–20/12/2033	2.50%–3.30%	107
Total float-rate borrowings			5,031
Total borrowings			11,874

At 31 December 2024

	Maturity date	Effective interest rate per annum	Carrying amount RMB million
Fixed-rate borrowings			
Unsecured bank loans in RMB	02/01/2025–06/03/2027	1.95%–3.80%	6,176
Unsecured other loans in RMB	31/12/2025	3.79%	96
Secured bank loans in RMB	21/06/2025–14/11/2025	2.90%–3.20%	433
Total fixed-rate borrowings			6,705
Variable-rate borrowings			
Unsecured bank loans in RMB at PBOC base rate	18/03/2025–20/12/2033	1.50%–4.05%	5,407
Total borrowings			12,112

41. Senior Notes

As at 31 December 2025, the Green Senior Notes recognised in the consolidated statement of financial position are calculated cumulatively as follows:

	2020 Green Senior Notes (a) RMB million	2022 Green Senior Notes (b) RMB million	Total RMB million
Nominal value	5,137	3,612	8,749
Discount cost	(43)	(16)	(59)
Issue costs	(29)	(17)	(46)
Fair value at date of issuance	5,065	3,579	8,644
Repurchased	(1,853)	–	(1,853)
Cumulative effective interest recognised	653	676	1,329
Cumulative interest paid/payable	(622)	(651)	(1,273)
Exchange loss	169	251	420
Carrying amount at 31 December	3,412	3,855	7,267

As at 31 December 2024, the Green Senior Notes recognised in the consolidated statement of financial position are calculated cumulatively as follows:

	2020 Green Senior Notes (a) RMB million	2022 Green Senior Notes (b) RMB million	Total RMB million
Nominal value	5,137	3,612	8,749
Discount cost	(43)	(16)	(59)
Issue costs	(29)	(17)	(46)
Fair value at date of issuance	5,065	3,579	8,644
Repurchased	(1,853)	–	(1,853)
Cumulative effective interest recognised	556	487	1,043
Cumulative interest paid/payable	(531)	(469)	(1,000)
Exchange loss	247	339	586
Carrying amount at 31 December	3,484	3,936	7,420

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41. Senior Notes (continued)

a. 2020 Green Senior Notes

On 17 September 2020, the Company issued 2.63% Green Senior Notes with an aggregated nominal value of USD750 million (equivalent to approximately RMB5,137 million) (the “2020 Green Senior Notes”) at face value. The net proceeds, after deducting the issuance costs, amounted to USD739 million (equivalent to approximately RMB5,065 million). The 2020 Green Senior Notes will be matured on 17 September 2030. The 2020 Green Senior Notes are listed on the Stock Exchange and dealt in over-the-counter market through a financial institution as the principal agent.

According to the terms of the 2020 Green Senior Notes, the Company may, at any time and from time to time redeem the 2020 Green Senior Notes. The applicable 2020 Green Senior Notes will be redeemable at: (A) prior to 17 June 2030, the greater of (1) 100% of the principal amount of the applicable 2020 Green Senior Notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the applicable 2020 Green Senior Notes to be redeemed, discounted to the date of redemption on a semi-annual basis at the Adjusted Treasury Rate (as defined in the offering memorandum dated 10 September 2020) plus 50 basis points, plus accrued and unpaid interest on the applicable 2020 Green Senior Notes to be redeemed; or (B) on or after 17 June 2030, 100% of the principal amount of the 2020 Green Senior Notes to be redeemed, plus accrued and unpaid interest, if any.

The fair value of the early redemption right is insignificant at initial recognition and at the end of the reporting periods. The effective interest rate is approximately 2.81% per annum after the adjustment for transaction costs.

In 2024, the Company has early redeemed the 2020 Green Senior Notes with principal amount of USD61 million (equivalent to approximately RMB432 million) for a consideration of RMB388 million (included the applicable premium and accrued interests), and a gain of RMB47 million was recognised and included in other gains or losses as set out in Note 8.

b. 2022 Green Senior Notes

On 17 May 2022, the Company issued 4.625% Green Senior Notes with an aggregated nominal value of USD550 million (equivalent to approximately RMB3,612 million) (the “2022 Green Senior Notes”) at face value. The net proceeds, after deducting the issuance costs, amounted to USD545 million (equivalent to approximately RMB3,579 million). The 2022 Green Senior Notes will be matured on 17 May 2027. The 2022 Green Senior Notes are listed on the Stock Exchange and dealt in over-the-counter market through a financial institution as the principal agent.

According to the terms of the 2022 Green Senior Notes, the Company may, at any time and from time to time redeem the 2022 Green Senior Notes. The applicable 2022 Green Senior Notes will be redeemable at: (A) prior to 17 April 2027, the greater of (1) 100% of the principal amount of the applicable 2022 Green Senior Notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the applicable 2022 Green Senior Notes to be redeemed, discounted to the date of redemption on a semi-annual basis at the Adjusted Treasury Rate (as defined in the offering memorandum dated 18 May 2022) plus 30 basis points, plus accrued and unpaid interest on the applicable 2022 Green Senior Notes to be redeemed; or (B) on or after 17 April 2027, 100% of the principal amount of the 2022 Green Senior Notes to be redeemed, plus accrued and unpaid interest, if any.

The fair value of the early redemption right is insignificant at initial recognition and at the end of the reporting periods. The effective interest rate is approximately 4.77% per annum after the adjustment for transaction costs.

42. Hedging Reserve

The hedging reserve includes cash flow hedge reserve and cost of hedging reserve. The following table provides a reconciliation of the hedging reserve in respect of foreign exchange risk and commodity risk.

	Foreign exchange risk RMB million	Commodity risk RMB million	Total RMB million
Cash flow hedge reserve			
At 1 January 2024	(103)	22	(81)
Changes in fair value of hedging instruments	129	17	146
Gain reclassified to profit or loss – hedged item has affected profit or loss	15	–	15
Cumulative gain transferred to initial carrying amount of hedged items	–	(47)	(47)
Income tax relating to items that may be reclassified subsequently	–	5	5
At 31 December 2024	41	(3)	38
Changes in fair value of hedging instruments	(365)	(18)	(383)
Gain reclassified to profit or loss – hedged item has affected profit or loss	99	–	99
Cumulative gain transferred to initial carrying amount of hedged items	(48)	7	(41)
Income tax relating to items that may be reclassified subsequently	–	1	1
At 31 December 2025	(273)	(13)	(286)
Of which:			
At 31 December 2025			
Balance related to continuing cash flow hedges	(286)		
At 31 December 2024			
Balance related to continuing cash flow hedges	38		

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42. Hedging Reserve (continued)

	Foreign exchange risk RMB million	Commodity risk RMB million	Total RMB million
Cost of hedging reserve			
At 1 January 2024	(16)	1	(15)
Changes in fair value of time value/foreign currency basis components of time period and transaction related hedged items	84	–	84
Changes in the fair value in relation to transaction related hedged items	–	(10)	(10)
Amortisation to profit or loss on changes in fair value in relation to time period and transaction related hedged items	(77)	–	(77)
Income tax relating to items that may be reclassified subsequently	–	2	2
At 31 December 2024	(9)	(7)	(16)
Changes in fair value of time value/foreign currency basis components of time period and transaction related hedged items	254	–	254
Changes in the fair value in relation to transaction related hedged items	–	20	20
Amortisation to profit or loss on changes in fair value in relation to time period and transaction related hedged items	(71)	–	(71)
Income tax relating to items that may be reclassified subsequently	–	(3)	(3)
At 31 December 2025	174	10	184
At 31 December 2025	(99)	(3)	(102)

The cash flow hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain and loss arising from changes in fair value of the hedging instrument that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss when the hedged transaction affects the profit or loss or when the hedged forecast transaction is no longer expected to occur. When the hedged forecast transaction results in the recognition of a non-financial item, the cumulative gain or loss is included in the initial measurement of the cost of such item.

The cost of hedging reserve represents the changes in fair value of the time value of options and foreign currency basis spread of hedging instruments and will be reclassified to profit or loss only when the hedged transaction affects profit or loss, or included as a basis adjustment to the non-financial hedged item.

43. Share-based Payment Transactions

The Company has adopted a share option scheme pursuant to an ordinary resolution passed at an AGM of the Company held on 26 June 2012 (the “Scheme 2012”).

The Company has adopted a share award scheme pursuant to the board resolution of the Company dated 30 November 2018 (the “Share Award Scheme”) to use as a supplement to the Scheme 2012.

All the shares in the Scheme 2012 and Share Award Scheme were vested, there was no share-based payment expense recorded during the year. During the year, there was approximate RMB6 million transferred from share options reserve to share premium upon exercise of share options (2024: RMB28,000) and RMB132 million transferred from share options reserve to share premium upon cancellation and lapse of share options. As at 31 December 2025, the Group has recorded liabilities of RMB3 million (2024: RMB4 million) in respect of the Share Award Scheme.

a. Scheme 2012

On 9 December 2015, the Company granted share options to the Directors and certain employees (the “2015 Grantees”) to subscribe for a total of 12,000,000 ordinary shares of the Company under the Scheme 2012. Among the share options granted, 2,659,000 share options were granted to the Directors and the remaining were granted to certain employees of the Group. Vesting of the share options is conditional upon the fulfilment of certain vesting conditions as set out in the respective offer letters of the 2015 Grantees, which may involve fulfilment of performance targets.

On 28 March 2019, the Company granted share options to Directors and certain employees of the Company, and business consultants who contribute to the success of the Company (the “2019 Grantees”) to subscribe for a total of 12,328,000 ordinary shares of the Company under the Scheme 2012. Among the share options granted above, 2,480,000 share options were granted to the Directors and the remaining were granted to certain employees of the Group and business consultants. Vesting of the share options is conditional upon the fulfilment of certain vesting conditions as set out in the respective offer letters of the 2019 Grantees, which may involve fulfilment of performance targets.

The 2015 Grantees and the 2019 Grantees should satisfy stipulated minimum service periods and performance targets for the attainment of the designated vesting conditions and periods. The vesting period of the share options is from the date of the grant until the commencement of the exercisable period.

The following tables disclose details of the Company’s share options held by the grantees and movements in such holdings under the share option scheme during the current year:

		Date of grant	Exercise period	Exercise price (HK\$)	Number of options				Outstanding at 31.12.2025
					Outstanding at 1.1.2025	Exercised during the year	Lapsed during the year	Cancelled during the year	
Scheme 2012 – batch 1									
Directors	Tranche 1	9.12.2015	1.4.2017 to 8.12.2025	40.34	15,000	–	–	(15,000)	–
	Tranche 2	9.12.2015	1.4.2018 to 8.12.2025	40.34	15,000	–	–	(15,000)	–
	Tranche 3	9.12.2015	1.4.2019 to 8.12.2025	40.34	15,000	–	–	(15,000)	–
	Tranche 4	9.12.2015	1.4.2020 to 8.12.2025	40.34	15,525	–	(525)	(15,000)	–
Employees	Tranche 1	9.12.2015	1.4.2017 to 8.12.2025	40.34	68,250	(68,200)	(50)	–	–
	Tranche 2	9.12.2015	1.4.2018 to 8.12.2025	40.34	91,824	(91,699)	(125)	–	–
	Tranche 3	9.12.2015	1.4.2019 to 8.12.2025	40.34	139,650	(137,300)	(2,350)	–	–
	Tranche 4	9.12.2015	1.4.2020 to 8.12.2025	40.34	317,986	(317,790)	(196)	–	–
Subtotal					678,235	(614,989)	(3,246)	(60,000)	–
Exercisable at the end of the year									–
Weighted average exercise price									HK\$40.34

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43. Share-based Payment Transactions *(continued)*

a. Scheme 2012 *(continued)*

		Date of grant	Exercise period	Exercise price (HK\$)	Number of options					Outstanding at 31.12.2025
					Outstanding at 1.1.2025	Exercised during the year	Reclassified during the year	Lapsed during the year	Cancelled during the year	
Scheme 2012 – batch 2										
Directors	Tranche 1	28.3.2019	1.4.2020 to 27.3.2029	76.36	15,000	-	(15,000)	-	-	-
	Tranche 2	28.3.2019	1.4.2021 to 27.3.2029	76.36	113,500	-	(34,500)	(15,000)	(20,000)	44,000
	Tranche 3	28.3.2019	1.4.2022 to 27.3.2029	76.36	371,200	-	33,100	(164,300)	(180,000)	60,000
	Tranche 4	28.3.2019	1.4.2023 to 27.3.2029	76.36	530,900	-	70,800	(361,700)	(180,000)	60,000
Employees	Tranche 1	28.3.2019	1.4.2020 to 27.3.2029	76.36	113,800	-	-	(113,800)	-	-
	Tranche 2	28.3.2019	1.4.2021 to 27.3.2029	76.36	988,075	-	19,500	(981,075)	(26,500)	-
	Tranche 3	28.3.2019	1.4.2022 to 27.3.2029	76.36	1,296,824	-	(48,100)	(1,222,024)	(26,700)	-
	Tranche 4	28.3.2019	1.4.2023 to 27.3.2029	76.36	1,560,392	-	(85,800)	(1,447,892)	(26,700)	-
Business	Tranche 1	28.3.2019	1.4.2020 to 27.3.2029	76.36	65,500	-	-	(65,500)	-	-
Consultants	Tranche 2	28.3.2019	1.4.2021 to 27.3.2029	76.36	104,000	-	-	(104,000)	-	-
	Tranche 3	28.3.2019	1.4.2022 to 27.3.2029	76.36	117,500	-	-	(117,500)	-	-
	Tranche 4	28.3.2019	1.4.2023 to 27.3.2029	76.36	104,000	-	-	(104,000)	-	-
	Other eligible participants	Tranche 1	28.3.2019	1.4.2020 to 27.3.2029	76.36	15,000	-	-	-	-
	Tranche 2	28.3.2019	1.4.2021 to 27.3.2029	76.36	15,000	-	-	-	-	15,000
	Tranche 3	28.3.2019	1.4.2022 to 27.3.2029	76.36	15,000	-	-	-	-	15,000
	Tranche 4	28.3.2019	1.4.2023 to 27.3.2029	76.36	15,000	-	-	-	-	15,000
	Tranche 1	28.3.2019	1.4.2020 to 24.8.2025	76.36	-	-	15,000	(15,000)	-	-
	Tranche 2	28.3.2019	1.4.2021 to 24.8.2025	76.36	-	-	15,000	(15,000)	-	-
	Tranche 3	28.3.2019	1.4.2022 to 24.8.2025	76.36	-	-	15,000	(15,000)	-	-
	Tranche 4	28.3.2019	1.4.2023 to 24.8.2025	76.36	-	-	15,000	(15,000)	-	-
Subtotal					5,440,691	-	-	(4,756,791)	(459,900)	224,000
Exercisable at the end of the year										224,000
Weighted average exercise price										HK\$76.36
Total					6,118,926	(614,989)	-	(4,760,037)	(519,900)	224,000

Exercise price of the share options granted on 9 December 2015 is HK\$40.34 per share, which represents the highest of (i) the closing price of HK\$39.00 per share as stated in the daily quotations sheet of the Stock Exchange on 9 December 2015, being the date of grant; (ii) the average closing price of HK\$40.34 per share as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the share.

Exercise price of the share options granted on 28 March 2019 is HK\$76.36 per share, which represents the highest of (i) the closing price of HK\$74.10 per share as stated in the daily quotations sheet of the Stock Exchange on 28 March 2019, being the date of grant; (ii) the average closing price of HK\$76.36 per share as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the share.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HK\$69.78 (2024: HK\$62.83).

No share options were granted in both years presented. 614,989 (2024: 4,900) share options were exercised and 5,279,937 (2024: 135,750) share options were lapsed and cancelled during the year. As at 31 December 2025, the number of outstanding share options is 224,000 (2024: 6,118,926).

43. Share-based Payment Transactions *(continued)*

b. Share Award Scheme

Pursuant to the Share Award Scheme, the Company may from time to time at its absolute discretion grant shares of the Company (the "Awarded Shares") at no consideration to selected employees of any members of the Group. Vesting of the Awarded Shares granted is conditional upon the fulfilment of vesting conditions as specified in the grant notice issued to each grantee.

On 12 March 2019, pursuant to the terms of the Share Award Scheme and the trust deed, the Company established a trust (the "Trust") and appointed a trustee (the "Trustee") to administer the Share Award Scheme. During the effective period of the Share Award Scheme, the board of directors of the Company may from time to time contribute funds to the Trust and instruct the Trustee to purchase shares of the Company on the Stock Exchange or in off-market transactions. Shares held under the Trustee are non-transferrable prior to vesting and have no voting rights.

During the year ended 31 December 2025, no shares were purchased by the trustee (2024: 13,252,000). As at 31 December 2025, 19,984,600 shares (31 December 2024: 19,984,600 shares) were held by the Trustee. The cost of the shares purchased was recognised in equity as shares held under the Share Award Scheme.

No shares had been nominally granted in both years presented. Vesting of such shares is subject to satisfying relevant performance conditions and a service condition requiring continuous service until the respective vesting dates, and can occur as early as on 1 April in the year following the financial year to which the corresponding performance conditions related. Hence, the vesting period of these shares is from the date of the grant to the respective vesting dates.

During the exercise period from the relevant vesting dates to the expiry date, i.e. 27 March 2029, the grantees may exercise the right to receive in cash the notional gain (if any) of the vested Awarded Shares, which is the excess of the fair value of such shares on the exercise date over the award price.

The following table discloses details of the Awarded Shares held by the grantees and movements in such holdings during the year:

		Financial year to which the performance conditions related	Exercise period	Exercise price (HK\$)	Number of options			
					Outstanding at 1.1.2025	Reclassified during the year	Lapsed during the year	Outstanding at 31.12.2025
Directors	Tranche 1	2020	1.4.2021 to 27.3.2029	76.36	40,000	(40,000)	-	-
	Tranche 2	2021	1.4.2022 to 27.3.2029	76.36	80,000	(40,000)	-	40,000
	Tranche 3	2022	1.4.2023 to 27.3.2029	76.36	80,000	(40,000)	-	40,000
Employees	Tranche 1	2020	1.4.2021 to 27.3.2029	76.36	84,500	-	(25,000)	59,500
	Tranche 2	2021	1.4.2022 to 27.3.2029	76.36	81,500	-	(27,000)	54,500
	Tranche 3	2022	1.4.2023 to 27.3.2029	76.36	65,000	-	-	65,000
Other eligible participants	Tranche 1	2020	1.4.2021 to 24.8.2025	76.36	-	40,000	(40,000)	-
	Tranche 2	2021	1.4.2022 to 24.8.2025	76.36	-	40,000	(40,000)	-
	Tranche 3	2022	1.4.2023 to 24.8.2025	76.36	-	40,000	(40,000)	-
Total					431,000	-	(172,000)	259,000
Exercisable at the end of the year								259,000

The fair values for these Awarded Shares granted as at 31 December 2025 were RMB3 million and were calculated using the Binomial Option Pricing Model.

No Awarded Shares were exercised in 2024 and 2025.

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For the year ended 31 December 2025

43. Share-based Payment Transactions (continued)

b. Share Award Scheme (continued)

The following assumptions were used to calculate the fair values of Awarded Shares as at 31 December 2025:

	Directors	Employees
Spot price	HK\$69.20	HK\$69.20
Award price	HK\$76.36	HK\$76.36
Expected life	3.24 years	3.24 years
Expected volatility	40.26%	40.26%
Expected dividend yield	4.36%	4.36%
Risk-free interest rate	2.46%	2.46%
Early exercise behavior	280% of the award price	220% of the award price

The variables and assumptions used in computing the fair value of the Awarded Shares are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the Awarded Shares. The expected volatility was determined by referencing to the historical volatility of the Company's share price over the previous 3.24 years.

44. Retirement Benefits Scheme

	2025 RMB million	2024 RMB million
Retirement benefits scheme contribution made during the year	311	290

According to the relevant laws and regulations in the PRC, the PRC subsidiaries within the Group are required to contribute a certain percentage of the payrolls of their employees to the retirement benefits scheme to fund the retirement benefits of their employees.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000.

45. Acquisition of Businesses

a. Acquisition of businesses during the year ended 31 December 2025

Acquisition date	Companies acquired	Registered capital acquired	Consideration RMB million	Nature of business
17 March 2025	中油中泰(淮安)新能源有限公司 ("Zhongyou")	100.00%	18	Retail gas sales business
08 April 2025	建湖泰維燃氣有限公司 ("Jianhu")	100.00%	40	Retail gas sales business
01 July 2025	徐州國投環保能源有限公司及其子公司 ("Xuzhou")(note a)	21.00%	9	Integrated energy business
08 August 2025	江蘇紅日新能源有限公司及其子公司 ("Hongri")	100.00%	136	Integrated energy business
11 October 2025	江蘇泰維燃氣有限公司 ("Jiangsu")	100.00%	66	Retail gas sales business

Zhongyou, Jianhu, Xuzhou, Hongri and Jiangsu were acquired (collectively referred to as "2025 Companies Acquired" with the objective of expansion in market coverage of the Group's business.

Note a: The Group acquired an additional 21% equity interest in Xuzhou from its joint venture partner, increasing its total equity interest to 70%. As a result, Xuzhou became a subsidiary of the Group.

45. Acquisition of Businesses *(continued)***a. Acquisition of businesses during the year ended 31 December 2025** *(continued)*

The provisional amounts of fair value of the assets and liabilities at the date of acquisition are as follows:

	RMB million
Non-current assets	
Property, plant and equipment	268
Intangible assets	34
Right-of-use assets	1
Current assets	
Trade and other receivables	49
Inventories	1
Cash and cash equivalents	15
Current liabilities	
Trade and other payables	(44)
Contract liabilities	(4)
Non-current liability	
Deferred tax liabilities	(15)
Net assets acquired	305
Goodwill arising on acquisition	
Total consideration	269
Fair value of interest in a joint venture previously held by the Group	22
Non-controlling interests	14
Less: Fair value of identified net assets acquired	(305)
	–
Total consideration satisfied by:	
Cash	239
Consideration payables	30
	269
Gain on remeasurement of the interest in a joint venture previously held by the Group	
Fair value of interest in a joint venture	22
Less: Carrying amount of the equity interest	(18)
	4
Net cash outflow arising on acquisition:	
Cash and cash equivalents acquired	15
Less: Cash consideration paid	(239)
	(224)

The fair value of property, plant and equipment, intangible assets and right-of-use assets has been arrived at on the basis of a valuation carried out at the date of acquisition by independent valuers.

Included in the profit for the year ended 31 December 2025 was RMB9 million of loss attributable to the additional businesses generated by 2025 Companies Acquired. Revenue for the year ended 31 December 2025 included RMB124 million generated from 2025 Companies Acquired.

Had the acquisitions of 2025 Companies Acquired been completed on 1 January 2025, the revenue of the Group for the year ended 31 December 2025 would have been approximately RMB112,137 million, and the profit for the year would have been approximately RMB6,822 million. The “pro-forma” information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is intended to be a projection of future results.

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For the year ended 31 December 2025

45. Acquisition of Businesses *(continued)***a. Acquisition of businesses during the year ended 31 December 2025** *(continued)*

In determining the “pro-forma” revenue and result of the Group, had 2025 Companies Acquired been acquired on 1 January 2025, the Directors have calculated the depreciation and amortisation of intangible assets, right-of-use assets, property, plant and equipment acquired on the basis of the fair values rather than the carrying amounts recognised in the pre-acquisition financial statements.

b. There was no significant acquisition of business during the year ended 31 December 2024.

46. Disposal of Businesses**a. Disposal of subsidiaries during the year ended 31 December 2025**

Disposal date	Companies disposed	Registered capital disposed	Consideration RMB million
16 January 2025	海安雙閩新能源有限公司 (“Haian”)	100.00%	4
30 December 2025	廊坊新奧晟錦能源有限公司及其子公司 (“Shengjin”) (note)	92.60%	106

Note: To further optimise the operating assets of the renewable energy business and capital structure of the Group, the Group initiated its first green finance model in 2025. During the year ended 31 December 2025, the Group disposed equity interests in certain subsidiaries which were principally engaged in distributed photovoltaic power generation and energy storage projects. Upon completion of the disposals, these entities ceased to be the subsidiaries and the associated equity interest subsequently held accounted as an associate of the Group.

The net assets at the dates of disposal were as follow:

	RMB million
Non-current assets	
Property, plant and equipment	415
Right-of-use assets	2
Current assets	
Trade and other receivables	37
Cash and cash equivalents	60
Current liability	
Trade and other payables	(515)
Net liabilities attributable to the owners of the Company disposed of	(1)

The gain on disposal of subsidiaries recognised in profit or loss was calculated as below:

	RMB million
Fair value of remaining interest in associates	45
Consideration received	65
Less: Net liabilities attributable to owners of the Company derecognised	1
Gain on disposal of subsidiaries	111
Net cash inflow arising from the disposal:	
Cash consideration received	65
Less: Cash consideration received in prior years	(2)
Less: Cash and cash equivalents disposed of	(60)
	3

46. Disposal of Businesses (continued)**b. Disposal of subsidiaries during the year ended 31 December 2024**

Disposal date	Companies disposed	Registered capital disposed	Consideration RMB million
19 January 2024	浙江帆倍物流有限公司	100%	9
12 March 2024	北京通達豐陽能源科技有限公司	100%	4
22 March 2024	宣城市安捷天然氣運輸有限公司	100%	1
19 April 2024	廣西北海順利清潔能源有限公司	100%	47
29 August 2024	襄陽新奧新能能源發展有限公司	100%	20
06 November 2024	涼山州綠燃燃氣有限公司 (“Liangshan Group”)	41%	17

The Liangshan Group include three subsidiaries, which entered into a sales and purchase agreement with an independent third party to dispose of its 41% equity interest for a total consideration of RMB17 million. Following the transaction, the Group retain a 49% equity interest in the Liangshan Group, which the fair value is RMB21 million.

The net assets at the dates of disposal were as follow:

	RMB million
Non-current assets	
Property, plant and equipment	51
Right-of-use assets	21
Current assets	
Inventories	3
Trade and other receivables	3
Cash and cash equivalents	28
Current liability	
Trade and other payables	(23)
Net assets	83
Less: Non-controlling interests	(5)
Net assets attributable to the owners of the Company disposed of	78

The gain on disposal of subsidiaries recognised in profit or loss was calculated as below:

	RMB million
Fair value of remaining interest in associates	21
Consideration received	98
Less: Net assets attributable to owners of the Company derecognised	(78)
Gain on disposal of subsidiaries	41
Net cash inflow arising from the disposal:	
Cash consideration received	98
Less: Cash and cash equivalents disposed of	(28)
	70

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47. Commitments

a. Capital commitments

	2025 RMB million	2024 RMB million
Capital commitments in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	220	267
Capital commitments in respect of		
– investments in joint ventures	447	601
– investments in associates	416	672
– other equity investments	2	2

b. Other commitments

As at 31 December 2025, the Group has two long-term sale and purchase agreements to acquire LNG from international suppliers. The Group is obliged to make “take-or-pay” payment to suppliers for the quantity contracted but not delivered.

In the opinion of the Directors, such agreements are entered into and continued to be held in accordance with the Group’s expected LNG purchase requirements to meet the domestic gas demands of its customers. Accordingly, these agreements qualify for own use exemption, and hence are not considered as derivative financial instruments within the scope of financial instruments standards since initial recognition.

The LNG pricing under these agreements are linked to certain oil and gas price indexes and are denominated in USD, which are common in international practice. The Directors assessed the economic characteristics and risks of the embedded derivatives and concluded that they are closely related to the economic characteristics and risks of the relevant host contracts. Accordingly, the embedded derivatives are not split from these arrangements and not separately recognised as derivative financial instruments in the consolidated financial statements.

48. Operating Leasing Arrangements

The Group as lessor

All of the properties held have committed tenants for terms ranging from one to twenty years. Undiscounted lease payments receivable on leases are as follow:

	2025 RMB million	2024 RMB million
Within one year	89	83
In the second year	73	72
In the third year	28	66
In the fourth year	24	23
In the fifth year	20	20
After five years	134	120
	368	384

49. Pledge of Assets

At the end of the reporting period, the Group pledged certain assets as securities for bank and other loans, bill facilities and contracts granted to the Group as follows:

	2025 RMB million	2024 RMB million
Carrying amount of:		
Right-of-use assets	12	–
Property, plant and equipment	77	6
Restricted bank deposits	338	317
Bills receivable	52	83

In addition to the above, the Group has also pledged its rights to receive construction and installation and gas supply fee income by certain subsidiaries in favor of banks to secure banking facilities amounting to RMB902 million (2024: RMB690 million) granted to the Group, of which RMB412 million (2024: RMB340 million) has been utilised up to 31 December 2025.

50. Capital Management and Financial Instruments

a. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, to maintain the confidence of creditors, to sustain future development of the entities and to maximise the return to the equity holders of the Company. The capital structure of the Group consists of net debt (borrowings disclosed in Notes 40 and 41, net of cash and cash equivalents) and total equity of the Group.

The Group manages its capital base through net gearing ratio. The Directors review the capital structure on a semi-annual basis. The Group has a target of net gearing ratio below 100% and will maintain the ratio within target by issue of new debts, repayment of debts, issue of new shares, repurchase of shares or payment of dividends. The Group's overall strategy remains unchanged from prior year. The net gearing ratio at the end of the reporting period was as follows:

	2025 RMB million	2024 RMB million
Bank and other loans	11,874	12,112
Senior notes	7,267	7,420
	19,141	19,532
Less: Cash and cash equivalents	(8,064)	(7,693)
Net debt	11,077	11,839
Total equity	54,075	51,076
	2025 %	2024 %
Net debt to total equity ratio	20.5	23.2

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50. Capital Management and Financial Instruments *(continued)*

b. Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are set out as follows:

	2025 RMB million	2024 RMB million
Financial assets		
Financial assets at FVTPL	3,908	4,434
Derivative financial instruments	42	335
Equity instruments at FVTOCI	232	224
Financial assets at amortised cost	15,239	15,295
Financial liabilities		
Derivative financial instruments	296	345
Financial liabilities at amortised cost	30,022	29,754
Financial guarantee liabilities	27	32

c. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risks, and price risk), credit risk, and liquidity risk.

The Group's treasury department identifies, evaluates and monitors financial risks in close co-operation with the Group's operating units, focusing on the unpredictability of financial markets. The Group seeks to minimise the effects of financial risks by using different derivative financial instruments to manage these exposures. All derivative financial instruments are used for the financial risk management and not for speculative purposes.

The Board provides written principal for overall risk management. The Group has written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivatives financial instruments and cash management. Exposure to foreign exchange rates, interest rates and prices risk movements are regularly reviewed and positions are amended in compliance with internal guidelines and limits.

The Group treasury department reports regularly or on demand basis to the Financial Risk Management Working Group, an independent body that monitor risks and policies implemented to mitigate risk exposures.

Foreign currency risk management

The functional currency of the Group's most entities is RMB in which most of the transactions are denominated. However, certain loans and senior notes issued by the Group, certain bank balances kept by the Group and certain LNG purchases from suppliers are denominated in foreign currencies.

To mitigate the foreign exchange exposure, the Group entered into various Foreign Currency Derivatives with certain financial institutions during the current and prior years as set out in Note 23.

50. Capital Management and Financial Instruments *(continued)*

c. Financial risk management objectives and policies *(continued)*

Foreign currency risk management (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 RMB million	2024 RMB million	2025 RMB million	2024 RMB million
Foreign currency:				
USD	617	210	7,267	7,420
HK\$	215	133	–	–

The following table details the Group's sensitivity to a reasonable possible change in exchange rate of each foreign currency against RMB, while all other variables are held constant. The sensitivity adjusts their translations at the end of the reporting period for a change in foreign currency exchange rate as set out below:

	USD		HK\$	
	2025 %	2024 %	2025 %	2024 %
Possible change in foreign exchange rate	5	5	5	5

	2025	2024	2025	2024
	RMB million	RMB million	RMB million	RMB million
(Decrease) increase in profit after taxation for the year:				
– if RMB weakens against foreign currencies	(139)	(49)	8	5
– if RMB strengthens against foreign currencies	139	49	(8)	(5)

In the opinion of the Directors, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure and does not reflect the exposure during the year, and some of the Group's foreign currency exposure has been reduced due to the offsetting effect of the Foreign Currency Derivatives.

Hedges of foreign currency risk

The Group designates cross currency swaps and foreign exchange forward as hedging instruments in cash flow hedges. For cross currency swaps and foreign exchange forwards, the foreign currency basis spread of cross currency swaps and forward elements of forward contracts are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in a cost of hedging reserve.

It is the Group's policy to negotiate the terms of the hedge derivatives, to the extent possible, to match or approximate the terms of the hedged items to maximise hedge effectiveness.

The main source of hedge ineffectiveness in these hedging relationships is attributable to the basis differences between the hypothetical and hedging instruments and the potential reduction or modification in the hedged items

As at 31 December 2025 and 2024, the hedge derivatives have a total notional amount of USD572 million and USD1,391 million (see Notes 23 and 42 for details).

The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the foreign currency exposures and Foreign Currency Derivatives based on their currency types, currency amounts and the timing of their respective cash flows.

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50. Capital Management and Financial Instruments *(continued)*

c. Financial risk management objectives and policies *(continued)*

Foreign currency risk management (continued)

Hedges of foreign currency risk *(continued)*

The following table summarises the effect of the hedge accounting on financial position and performance of the Group for the reporting period:

	Average exchange rate	Notional value: USD million	Notional value: RMB million	Carrying amount of the hedging instruments RMB million	Current period hedging instruments RMB million	Current period hedged items RMB million	Favourable/(unfavourable) changes in fair value used for measuring ineffectiveness		Cost of hedging recognised in OCI RMB million	Loss from cash flow hedge reserve due to hedged item affecting profit or loss RMB million	Gain reclassified from cost of hedging reserve to profit or loss RMB million	Line item in profit or loss which hedge ineffectiveness is included	Line items in profit or loss affected by the reclassification	Balance in cash flow hedge reserve for continuing hedge RMB million
							Hedging losses recognised in cash flow hedge reserve RMB million	Hedge ineffectiveness recognised in profit or loss RMB million						
Cash flow hedges														
Cross currency swaps	6.62	400	2,649	(54)	(81)	(111)	10	7	(174)	(145)	44	Other gains and losses	Other gains and losses & Finance costs	1
Foreign exchange forward	7.08	172	1,217	(27)	(27)	27	-	-	-	-	-	Other gains and losses	Other gains and losses & Finance costs	27

Due to the impact on profit and loss from cross currency swaps (hedging instrument) contributable to the foreign exchange movement will be offset by that of the debt denominated in USD (hedged item), therefore no sensitivity calculation is performed.

An increase/decrease of 4.91% (2024: 2.75%) in forward exchange rate at the end of the year ended 31 December 2025 would have affected profit or loss for the years by amount shown below. These amounts represent the change in fair value of foreign exchange forward ("FX forward") derivative contracts at the reporting date.

	2025 RMB million	2024 RMB million
Increase (decrease) in profit before taxation for the year		
– if RMB weakens against USD	13	93
– if RMB strengthens against USD	(10)	(94)
Increase (decrease) in other comprehensive income		
– if RMB weakens against USD	58	114
– if RMB strengthens against USD	(58)	(114)

Interest rate risk management

The Group does not have any specific interest rate hedging policy except that the Group would regularly review the market interest rates to capture the potential opportunities to reduce the cost of borrowings. Accordingly, the Group will enter into interest rate swap arrangement to mitigate the interest rate risk if appropriate.

Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to non-current amounts due from associates and joint ventures, amounts due to associates and joint ventures, fixed-rate bank and other loans, and senior notes (see Notes 29, 30, 40 and 41 for details of these amounts, loans and notes respectively).

The fair value interest rate risk on bank balance and deposits is insignificant as the terms of the fixed deposits are relatively short.

50. Capital Management and Financial Instruments *(continued)*

c. Financial risk management objectives and policies *(continued)*

Interest rate risk management (continued)

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to float-rate bank loans (see Note 40 for details of these amounts). The Directors consider that the Group is not exposed to significant cash flow interest rate risk relating to bank deposits, which are primarily short-term in nature and basically carried at stable market interest rates.

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rates for the float-rate bank loans. The analysis is prepared assuming that the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole year and excluding the interest expected to be capitalised.

	2025 %	2024 %
Possible change in interest rate	50 basis points	50 basis points

	2025 RMB million	2024 RMB million
(Decrease) increase in profit after taxation for the year		
– as a result of increase in interest rate	(19)	(20)
– as a result of decrease in interest rate	19	20

Commodity price risk

In the normal course of business, the Group imports LNG to satisfy the demands of downstream customers under "take-or-pay" purchase agreements. Accordingly, the Group is exposed to fluctuations in prevalent crude oil/gas market prices, which are used for the determination of the price of LNG. This exposure is significantly managed with the use of derivative financial instruments by the Group. The profit or loss generated from these derivatives is dependent on the combination of contracts which generate payoffs in any particular range of commodity prices.

Derivative financial instruments are used solely for financial risk management purposes and the Group does not hold or issue derivative financial statements for speculation purposes. The management of the Group monitors commodity price risk exposure regularly and designates certain derivatives as cash flow hedge of highly probable purchases.

The main source of hedge ineffectiveness in these hedging relationships is attributable to the potential reduction or modification in the hedged items.

The following table summarises the commodity collars designated as cash flow hedges outstanding at the end of the reporting period, which expires after December 2025, as well as the effect on financial position and performance of the Group for the reporting period. Commodity collars are presented in the line 'Derivative financial instruments' within the consolidated statement of financial position (see Note 23 for further details):

	Strike price range	Remaining quantity bbl	Favourable/(Unfavourable) changes in fair value used for measuring ineffectiveness		Carrying amount of the hedging instruments RMB million	Current period hedging instruments RMB million	Current period hedged items RMB million	Hedging losses recognised in cash flow hedge reserve RMB million	Hedge ineffectiveness recognised in profit or loss RMB million	Cost of hedging recognised in OCI RMB million	Line item in profit or loss in which hedge ineffectiveness is included	Amount from cash flow hedge reserve transferred to inventory RMB million
Cash flow hedges												
Collar for Japan Crude Cocktail	68-90	315,000	(6)	7	(7)	5	–	(8)	Other gains and losses			6
Collar for Brent	45-90	580,000	(3)	5	(5)	6	–	(1)	Other gains and losses			2

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For the year ended 31 December 2025

50. Capital Management and Financial Instruments *(continued)*

c. Financial risk management objectives and policies *(continued)*

Commodity price risk (continued)

An increase/decrease of 20% (2024: increase/decrease of 20%) in relevant commodity prices at the end of the year ended 31 December 2025 would have affected profit or loss for the years by amount shown below. These amounts represent the change in fair value of commodity derivative contracts at the reporting date.

	2025 RMB million	2024 RMB million
Increase (decrease) in profit before taxation for the year		
– as a result of increase in commodity price risk	247	(268)
– as a result of decrease in commodity price risk	(529)	267
Increase (decrease) in other comprehensive income		
– as a result of increase in commodity price risk	6	178
– as a result of decrease in commodity price risk	(20)	(192)

Other price risk

The Group is mainly exposed to price risk through equity instruments measured at FVTPL and FVTOCI. The Directors do not implement specific measurements to mitigate the price risk.

If the market price of equity instruments measured at FVTPL and FVTOCI increased or decreased by 5%, the Group would recognise additional gains or losses of RMB195 million (2024: RMB222 million) and the other comprehensive income of RMB12 million (2024: RMB11 million), respectively.

Credit risk and impairment assessment

Other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of financial guarantees provided by the Group. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with loan receivables is mitigated because they are secured over equipment, receivables and certain entities' equities and settlement of certain trade receivables are backed by bills issued by reputable financial institutions.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances based on individually assessment for significant balances and on provision matrix for the remaining.

Other receivables, amounts due from associates/joint ventures/related companies and cash and cash equivalents

In order to minimise the credit risk, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on other receivables and on amounts due from associates/joint ventures/related companies individually. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

The credit risks on cash and cash equivalents are limited because the counterparties are reputable international and PRC banks and other financial institutions with high credit ratings assigned by international credit-rating agencies regulated by the PRC government.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

50. Capital Management and Financial Instruments *(continued)*

c. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Financial guarantee contracts

At the end of the reporting period, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12-month ECL. No loss allowance was recognised in the profit or loss. Details of the financial guarantee contracts are set out in Note 52.

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

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
					2025 RMB million	2024 RMB million
Financial assets at amortised cost						
Amounts due from associates*	29	N/A	(note a)	12-month ECL Lifetime ECL (not credit-impaired)	253 518	189 450
					771	639
Amounts due from joint ventures*	30	N/A	(note a)	12-month ECL Lifetime ECL (not credit-impaired)	445 781	320 679
					1,226	999
Amounts due from related companies*	31	N/A	(note a)	12-month ECL Lifetime ECL (not credit-impaired)	56 189	67 162
					245	229
Restricted bank deposits	34	AA	N/A	12-month ECL	1,024	754
Cash and cash equivalents	34	AA+	N/A	12-month ECL	8,064	7,693
Other receivables	22	N/A	(note a)	12-month ECL	703	666
Loan receivables	22	N/A	(note a)	12-month ECL	76	249
Trade receivables	22	N/A	(note b)	Lifetime ECL (provision matrix) Credit-impaired	2,882 1,017	3,500 819
					3,899	4,319
Bills receivable	22	N/A	(note a)	12-month ECL Credit-impaired	1,081 3	1,129 3
					1,084	1,132
Contract assets	28	N/A	(note b)	Lifetime ECL (provision matrix) Credit-impaired	964 22	866 10
					986	876

* The gross carrying amounts disclosed above include both trade nature receivables and non-trade nature receivables. All trade nature receivables are applying lifetime ECL.

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For the year ended 31 December 2025

50. Capital Management and Financial Instruments *(continued)*

c. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Notes:

- a. For the purposes of internal credit risk management, the Group uses financial information of the counter parties to assess whether credit risk has increased significantly since initial recognition.

2025

	Past due RMB million	Not past due/ No fixed terms of repayment RMB million	Total RMB million
Amounts due from associates	–	771	771
Amounts due from joint ventures	–	1,226	1,226
Amounts due from related companies	–	245	245
Other receivables	–	703	703
Loan receivables	–	76	76
Bills receivable	3	1,081	1,084

2024

	Past due RMB million	Not past due/ No fixed terms of repayment RMB million	Total RMB million
Amounts due from associates	–	639	639
Amounts due from joint ventures	–	999	999
Amounts due from related companies	–	229	229
Other receivables	–	666	666
Loan receivables	–	249	249
Bills receivable	3	1,129	1,132

- b. For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, the Group determines the ECL on these items by using a provision matrix, grouped by past due status.

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 small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on provision matrix as at 31 December 2025 within lifetime ECL. A full provision was made for debtors that were credit-impaired.

50. Capital Management and Financial Instruments *(continued)*

c. Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Notes: *(continued)*

b. *(continued)*

Gross carrying amount

	2025		2024	
	Average loss rate	Trade receivables and contract assets RMB million	Average loss rate	Trade receivables and contract assets RMB million
0 to 3 months	0.68%	2,128	0.62%	2,531
4 to 6 months	8.76%	233	7.43%	244
7 to 9 months	9.55%	200	8.01%	269
10 to 12 months	10.64%	170	8.33%	190
1 to 2 years	25.34%	680	26.17%	710
2 to 3 years	45.53%	435	51.85%	422
		3,846		4,366

The ECL rate applied on contract assets with gross carrying of RMB964 million (2024: RMB866 million) on a provision matrix range from 0.55% to 100% (2024: 0.55% to 100%). Contract assets with significant outstanding balances of RMB22 million (2024: RMB10 million) were assessed individually.

The estimated loss rates are estimated based on past default experience of the debtors adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at 31 December 2025, for trade receivables and contract assets, the Group provided RMB390 million (2024: RMB398 million) and RMB52 million (2024: RMB18 million) impairment allowance based on the provision matrix respectively, and impairment allowance of RMB981 million (2024: RMB771 million) and RMB22 million (2024: RMB10 million) were made for trade receivables and contract assets respectively, based on debtors that were credit-impaired.

The following table shows reconciliation of loss allowances that have been recognised for trade receivables, contract assets, bills receivable, other receivables, amounts due from associates, joint ventures, related companies.

	12-month ECL RMB million	Lifetime ECL (not credit- impaired) RMB million	Lifetime ECL (credit- impaired) RMB million	Total RMB million
As at 1 January 2024	68	118	917	1,103
Changes due to financial instruments recognised				
– Impairment losses recognised	19	193	301	513
– Impairment losses reversed	(43)	(142)	(2)	(187)
As at 31 December 2024	44	169	1,216	1,429
Changes due to financial instruments recognised				
– Impairment losses recognised	29	370	310	709
– Impairment losses reversed	(22)	(158)	(14)	(194)
As at 31 December 2025	51	381	1,512	1,944

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

50. Capital Management and Financial Instruments *(continued)*

c. Financial risk management objectives and policies *(continued)*

Liquidity risk management

To manage the liquidity risk, the Group takes into account the continuity and availability of financial resources to the Group, including the cash flows generated from its principal operations, availability of banking facilities, the level of cash and cash equivalents and capital expansion plans as to meet its expected future working capital requirements and mitigate the fluctuation in cash flows level.

The Group also uses senior notes and bank and other loans as a significant source of liquidity, detail of which are set out in Notes 41 and 40. The Group reviews the utilisation of borrowings and ensures the compliance of loan covenants regularly.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. 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 cash flows are based on variable rate, the undiscounted amount is derived from interest rate existed at the end of the reporting period.

	Weighted average interest rate %	Repayable on demand or within one year RMB million	Within the second year RMB million	Within the third year RMB million	Within the fourth year RMB million	Within the fifth year RMB million	Over five years RMB million	Total undiscounted cash flow RMB million	Carrying amount at end of the reporting period RMB million
At 31 December 2025									
Non-derivative financial liabilities									
Trade and other payables		7,599	-	-	-	-	-	7,599	7,599
Amounts due to associates	0.08	696	-	-	-	-	-	696	696
Amounts due to joint ventures	1.42	966	-	-	-	-	-	966	966
Amounts due to related companies		1,620	-	-	-	-	-	1,620	1,620
Bank and other loans									
– fixed rate	2.02	6,001	840	5	11	11	21	6,889	6,843
– variable rate	2.71	2,936	1,224	404	328	206	168	5,266	5,031
Lease liabilities	3.74	133	120	99	84	76	176	688	597
2022 Green Senior Notes	4.63	179	3,970	-	-	-	-	4,149	3,855
2020 Green Senior Notes	2.63	90	90	90	90	3,504	-	3,864	3,412
Financial guarantee liabilities		421	61	31	36	34	1	584	27
		20,641	6,305	629	549	3,831	366	32,321	30,646
Derivatives: Cross currency swaps									
– inflow		(83)	(560)	(60)	(60)	(2,362)	-	(3,125)	
– outflow		80	544	58	58	2,231	-	2,971	
Derivatives: FX forward									
– inflow		-	-	-	-	-	-	-	
– outflow		28	1	-	-	-	-	29	
Derivatives: Commodity									
– inflow		(49)	(44)	(28)	-	-	-	(121)	
– outflow		47	10	-	-	-	-	57	

50. Capital Management and Financial Instruments *(continued)*
c. Financial risk management objectives and policies *(continued)*
Liquidity risk management (continued)

	Weighted average interest rate %	Repayable on demand or within one year RMB million	Within the second year RMB million	Within the third year RMB million	Within the fourth year RMB million	Within the fifth year RMB million	Over five years RMB million	Total undiscounted cash flow RMB million	Carrying amount at end of the reporting period RMB million
At 31 December 2024									
Non-derivative financial liabilities									
Trade and other payables		7,247	–	–	–	–	–	7,247	7,247
Amounts due to associates	0.69	637	–	–	–	–	–	637	637
Amounts due to joint ventures	0.06	841	–	–	–	–	–	841	841
Amounts due to related companies		1,497	–	–	–	–	–	1,497	1,497
Bank and other loans									
– fixed rate	2.85	5,476	574	745	–	–	–	6,795	6,705
– variable rate	3.10	1,203	2,986	721	337	247	277	5,771	5,407
Lease liabilities	3.90	224	189	152	90	80	267	1,002	862
2022 Green Senior Notes	4.63	183	183	4,060	–	–	–	4,426	3,936
2020 Green Senior Notes	2.63	92	92	92	92	92	3,583	4,043	3,484
Financial guarantee liabilities		178	21	50	29	9	13	300	32
		17,578	4,045	5,820	548	428	4,140	32,559	30,648
Derivatives: Cross currency swaps									
– inflow		(228)	(223)	(3,571)	(59)	(58)	(2,228)	(6,367)	
– outflow		216	216	3,451	58	58	2,231	6,230	
Derivatives: FX forward									
– inflow		(120)	(5)	–	–	–	–	(125)	
– outflow		–	–	–	–	–	–	–	
Derivatives: Commodity									
– inflow		(11)	–	–	–	–	–	(11)	
– outflow		313	–	–	–	–	–	313	

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantees. Based on the expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, these estimates are subject to change depending on the probability of the counterparties claiming under the guarantees in case that the financial receivables held by the counterparties suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The contractual expiry periods of financial guarantee contracts at the end of the reporting period are as follows:

	2025		2024	
	RMB million	Expiry period	RMB million	Expiry period
Guarantees issued to banks to secure loan facilities granted to joint ventures and an associate	584	2032	300	2032

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For the year ended 31 December 2025

50. Capital Management and Financial Instruments (continued)

d. Fair value measurement of financial instruments

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

The Group measures its following financial instruments at fair value at the end of the reporting period on a recurring basis:

	Fair value as at 31 December		Fair value hierarchy	Valuation methodology and key input
	2025 RMB million	2024 RMB million		
Financial assets				
Derivative financial instruments	42	335	Level 2	Discounted cash flow for swaps and forwards Present value of estimated future cash flows are based on forward rates and contract rates, discounted at a rate that reflects the credit risk of the relevant counterparty or own credit risk, when applicable Black-Scholes Model for options Fair value estimated based on strike price, commodity price, time to expiration, volatility and risk-free interest rate
Listed equity securities, equity interest in Shanghai Utilities	–	260	Level 1	Fair values are derived from quoted bid prices in an active market
Unlisted wealth management products	7	–	Level 3	Discounted cash flow Future cash flows are estimated based on the recoverable amount expected, discounted at a rate that reflects the credit risk of the counterparty
1.13% equity interest in Sinopec Marketing	3,900	4,170	Level 3	Fair value estimated based on P/E ratio of comparable listed companies and a liquidity discount rate
Other unlisted equity securities – FVTPL	1	4	Level 3	Fair value are derived from price multiples of similar assets that have been traded in the market
Unlisted equity securities – FVTOCI	147	143	Level 3	Fair values are derived from the fair value of the underlying assets and liabilities held by the investee
Listed equity securities – FVTOCI	85	81	Level 1	Fair values are derived from quoted bid prices in an active market
Financial liabilities				
Derivative financial instruments	296	345	Level 2	Discounted cash flow for swaps Present value of estimated future cash flows are based on forward rates and contract rates, discounted at a rate that reflects the credit risk of the relevant counterparty or own credit risk, when applicable Black-Scholes Model for options Fair value estimated based on strike price, commodity price, time to expiration, volatility and risk-free interest rate

50. Capital Management and Financial Instruments *(continued)*

d. Fair value measurement of financial instruments *(continued)*

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

The Group's 1.13% equity interest in Sinopec Marketing which is classified as financial assets at FVTPL under Level 3 hierarchy amounted to RMB3,900 million as at 31 December 2025 under HKFRS 9. The significant unobservable input is the liquidity discount rate. The higher liquidity discount rate, the lower fair value of the financial assets at fair value will be. An increase/decrease of 5% in the liquidity discount rate, holding all other variables constant, the fair value of the investments would (decrease)/increase by RMB82 million as at 31 December 2025.

Except for the said investment above, the reconciliation of level 3 fair value measurements of financial assets:

	RMB million
At 1 January 2025	147
Gain recognised in other comprehensive income	4
Capital reduction	(3)
Addition of unlisted wealth management products	12,929
Disposal of unlisted wealth management products	(12,922)
At 31 December 2025	155

There were no transfers between Level 1, 2 and 3 during the year.

- (ii) *Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis*

Except as detailed in the following table, the Directors consider that the carrying amounts of financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values:

	2025		2024	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Fixed-rate bank and other loans	6,843	6,637	6,705	6,460
Senior notes	7,267	7,163	7,420	7,104

In the above table, other than the fair values of bank and other loans disclosed which are under the fair value hierarchy of Level 3, the rest of the fair values disclosed are under the fair value hierarchy of Level 2. The fair values of the senior notes are derived from the quoted prices in an over-the-counter market. The fair values of the rest of the financial liabilities at amortised cost are derived from discounted cash flow technique by reference to the market interest rate of the loans with comparable maturity and credit risk of the respective group entities at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

51. 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 consolidated statement of cash flows as cash flows from financing activities.

	Bank and other loans RMB million (Note 40)	Lease liabilities RMB million (Note 35)	Senior notes RMB million (Note 41)	Others RMB million (note)	Total RMB million
At 1 January 2025	12,112	862	7,420	919	21,313
Financing cash flows	(238)	(187)	–	(4,101)	(4,526)
Foreign exchange translation	–	–	(166)	–	(166)
New leases entered	–	115	–	–	115
Disposal of lease liabilities	–	(193)	–	–	(193)
Dividends appropriation	–	–	–	3,857	3,857
Interest expense	–	–	13	697	710
At 31 December 2025	11,874	597	7,267	1,372	21,110

	Bank and other loans RMB million (Note 40)	Lease liabilities RMB million (Note 35)	Senior notes RMB million (Note 41)	Others RMB million (note)	Total RMB million
At 1 January 2024	14,195	803	7,728	995	23,721
Financing cash flows	(2,083)	(171)	(388)	(4,636)	(7,278)
Foreign exchange translation	–	–	113	–	113
New leases entered	–	241	–	–	241
Disposal of lease liabilities	–	(11)	–	–	(11)
Dividends appropriation	–	–	–	3,724	3,724
Interest expense	–	–	14	836	850
Net gain of repurchase of senior notes	–	–	(47)	–	(47)
At 31 December 2024	12,112	862	7,420	919	21,313

Note: The amounts include the interest payables, non-trade payables due to joint ventures, associates and related companies.

52. Related Party Transactions

Saved as disclosed in Notes 29, 30 and 31, the Group had the following transactions with certain related parties:

	2025 RMB million	2024 RMB million
Nature of transaction		
Associates:		
– Sales of gas to	1,453	2,226
– Sales of materials to	196	171
– Purchase of gas from	1,648	1,246
– Purchase of equipment from	1	1
– Provision of gas transportation services to	31	–
– Loan interest received from	3	1
– Provision of gas transportation services from	41	40
– Deposit interest paid to	1	2
– Provision of supporting services to	19	15
– Provision of supporting services from	11	10
– Provision of construction and installation services to	110	88
– Loan interest paid to	1	2
– Provision of training service to	1	1
Joint ventures:		
– Sales of gas to	3,540	3,642
– Sales of materials to	352	373
– Purchase of gas from	4,293	4,836
– Provision of gas transportation services to	51	23
– Loan interest received from	16	12
– Loan interest paid to	2	1
– Provision of supporting services to	86	87
– Provision of supporting services by	128	133
– Purchase of equipment from	27	55
– Deposit interest paid to	1	1
– Provision of construction services by	12	6
– Provision of administrative services by	58	80
– Provision of technology services by	3	6
– Provision of construction and installation services to	133	107
– Provision of gas transportation services from	47	75
– Provision of energy efficiency technology service to	4	2
– Provision of training services to	2	3
– Lease of premises to	4	4
– Lease of premises from	1	1

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52. Related Party Transactions (continued)

	2025 RMB million	2024 RMB million
Nature of transaction (continued)		
Companies controlled by Mr. Wang:		
Transactions exempt from shareholders' approval:		
– Purchase of equipment from	306	335
– Provision of construction services by	863	1,193
– Provision of information technology services by	281	247
– Purchase of natural gas from	1,652	1,675
– Provision of LNG terminal usage services by	585	415
– Provision of risk prevention services by	118	94
Transactions fully exempt from shareholders' approval, annual review and all disclosure requirement:		
– Sales of gas, gasoline and diesel to	7	7
– Sales of materials to	54	57
– Provision of construction and installation services to	68	57
– Provision of property management services by	19	21
– Provision of property management services to	1	1
– Lease of premises to	7	6
– Lease of premises from	7	6
– Provision of administrative services by	54	50
– Provision of supporting services to	23	52
– Provision of outsourcing services by	16	26
– Provision of electronic business services by	32	45
– Provision of technology services to	63	59
– Provision of energy efficiency technology services to	21	17
– Loan interest received from	3	3
– Loan interest paid to	3	–
– Provision of training service to	8	8
– Purchase of equity interest from	–	10
– Provision of logistic service to	27	56

At 1 January 2024, the Company entered into a back-to-back agency agreement with a significant shareholder of the Company, pursuant to which the significant shareholder agreed to procure natural gas on behalf of the Company at market price without charging any agency fees or commission. Through such agency agreement, the Company purchased approximately RMB4,498 million of natural gas from an independent third-party supplier during the period.

Except for the transactions above, a subsidiary of the Group has entered into a leasing agreement with a joint venture for the use of LNG Supply Vessel for a period of 10 years which will be matured in 2032 for a daily charge of RMB150,000 payable monthly. At 31 December 2025, right-of-use asset and lease liability of RMB290 million and RMB304 million were recognised (31 December 2024: RMB333 million and RMB342 million) accordingly.

The Company issued senior notes on 17 May 2022 and 17 September 2020. The terms and conditions of these debts require Mr. Wang and any affiliate of him to retain certain percentage of shareholding over the Company, failing which the Company would be required to repay or repurchase all outstanding debts at predetermined prices.

Compensation of key management personnel

The remuneration of the Directors who are also the members of key management personnel during the years ended 31 December 2025 and 2024 was disclosed in Note 11.

Financial guarantee contracts

As at 31 December 2025, the guaranteed facilities amount utilised by the joint ventures and an associate were RMB584 million (2024: RMB300 million).

As at 31 December 2025, the carrying amount of financial guarantee contracts of the Group is RMB27 million (2024: RMB32 million).

53. Particular of Principal Subsidiaries

Name of Company	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest/voting power held by the Group		Principal activities
			2025	2024	
ENN Gas Investment Group Limited ("ENN Gas")	British Virgin Islands	USD1,000	100.00%	100.00%	Investment holding
常州新奧燃氣發展有限公司 Changzhou Xiniao Gas Development Company Limited	PRC	USD600,000	60.00%	60.00%	Sales of piped gas
常州新奧燃氣工程有限公司 Changzhou Xiniao Gas Engineering Company Limited	PRC	USD5,000,000	60.00%	60.00%	Investment in gas pipeline infrastructure
泉州市燃氣有限公司 Quanzhou City Gas Company Limited	PRC	RMB450,000,000	60.00%	60.00%	Investment in gas pipeline infrastructure and sales of piped gas
晉江新奧燃氣有限公司 Jinjiang Xiniao Gas Company Limited	PRC	RMB60,000,000	60.00%	60.00%	Investment in gas pipeline infrastructure and sales of piped gas
洛陽新奧華油燃氣有限公司 Luoyang Xiniao Huayou Gas Company Limited	PRC	RMB160,000,000	70.00%	70.00%	Investment in gas pipeline infrastructure and sales of piped gas
石家莊新奧燃氣有限公司 Shijiazhuang Xiniao Gas Company Limited	PRC	RMB300,000,000	60.00%	60.00%	Investment in gas pipeline infrastructure and sales of piped gas
肇慶新奧燃氣有限公司 Zhaoqing Xiniao Gas Company Limited	PRC	RMB52,700,000	100.00%	100.00%	Investment in gas pipeline infrastructure and sales of piped gas
蚌埠新奧燃氣發展有限公司 Bengbu Xiniao Gas Development Company Limited	PRC	USD600,000	70.00%	70.00%	Sales of piped gas
青島新奧新城燃氣有限公司 Qingdao Xiniao Xincheng Gas Company Limited	PRC	USD839,000,000	90.00%	90.00%	Sales of piped gas
浙江新奧智能裝備貿易有限公司 Zhejiang Xiniao Intelligent Equipment Trading Company Limited	PRC	RMB10,000,000	100.00%	100.00%	Retail of gas pipelines and intelligent equipment
新奧泛能科技有限公司 ENN Ubiquitous Energy Technology Company Limited	PRC	RMB103,000,000	100.00%	100.00%	Solutions and operating services of integrated energy
新奧能源物流有限公司 Xiniao Energy Logistics Company Limited	PRC	USD22,230,000	100.00%	100.00%	Transportation of oil products and gas
新奧能源貿易有限公司 Xiniao Energy Sales Company Limited	PRC	USD30,200,000	100.00%	100.00%	Wholesale and retail of LNG and CNG, piped gas facilities, gas equipment, appliances and others
新奧液化天然氣貿易有限公司 ENN LNG Trading Company Limited ("ENN LNG Trading")	Hong Kong	HK\$1,000	100.00%	100.00%	Sourcing and sales of LNG

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For the year ended 31 December 2025

53. Particular of Principal Subsidiaries (continued)

Name of Company	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest/voting power held by the Group		Principal activities
			2025	2024	
新奧財務有限責任公司 ENN Finance	PRC	RMB2,600,000,000	100.00%	100.00%	Provision of financial services in accordance to the Financial License granted by the China Banking Regulatory Commission and act as the Group's finance company
新奧燃氣發展有限公司 Xinao Gas Development Company Limited	PRC	USD620,000,000	100.00%	100.00%	Sourcing of compressed pipeline gas and investment in gas pipeline infrastructure and sales of piped gas
新奧新能源工程技術有限公司 Xinao New Energy Engineering Technology Company Limited	PRC	USD7,000,000	100.00%	100.00%	Investment in gas pipeline infrastructure
新奧(中國)燃氣投資有限公司 Xinao (China) Gas Investment Limited* ("Xinao (China)")	PRC	USD431,778,124	100.00%	100.00%	Investment holding
廊坊新奧燃氣有限公司 Langfang Xinao Gas Company Limited	PRC	USD89,333,900	100.00%	100.00%	Investment in gas pipeline infrastructure and sales of piped gas
廊坊新奧智能科技有限公司 Langfang Xinao Intelligent Technology Company Limited	PRC	USD18,000,000	100.00%	100.00%	Retail of gas pipelines and intelligent equipment
舟山新奧能源貿易有限公司 Zhoushan Xinao LNG Trading Company Limited	PRC	RMB50,000,000	100.00%	100.00%	Wholesale and retail of LNG and CNG, piped gas facilities, gas equipment, appliances and others
淮安新奧燃氣有限公司 Huaian Xinao Gas Company Limited	PRC	RMB220,000,000	100.00%	100.00%	Investment in gas pipeline infrastructure and sales of piped gas
寧波城際能源貿易有限公司 Ningbo Chengji Energy Trading Company Limited	PRC	RMB5,000,000	100.00%	100.00%	Sourcing and sales of LNG
ENN Global Trading Pte. Ltd,	Singapore	USD1,000,000	100.00%	100.00%	Sourcing and sales of LNG

* Foreign-invested enterprises

53. Particular of Principal Subsidiaries (continued)

All of the above subsidiaries, except for ENN Gas, ENN LNG Trading and Xinao (China), are indirectly held by the Company.

All of the above subsidiaries operate principally in the places of their incorporation/establishment respectively, except that ENN Gas operates principally in Hong Kong. The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or net assets of the Group. Giving the details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries issued any debt securities as at 31 December 2025.

There were no subsidiaries that have non-controlling interests that are material to the company as at 31 December 2025.

54. Statement of Financial Position of the Company

	2025 RMB million	2024 RMB million
Non-current Assets		
Investments in subsidiaries	11,826	11,376
Amount due from a subsidiary	4,401	4,663
Derivative financial instruments	4	139
	16,231	16,178
Current Assets		
Derivative financial instruments	–	172
Amounts due from subsidiaries	4,668	4,284
Cash and cash equivalents	308	164
	4,976	4,620
Current Liabilities		
Other payables	61	90
Amounts due to subsidiaries	6,757	2,753
Bank loans	2,726	3,000
Derivative financial instruments	31	–
Share-based payment liabilities	3	4
	9,578	5,847
Net Current Liabilities	(4,602)	(1,227)
Total Assets less Current Liabilities	11,629	14,951
Capital and Reserves		
Share capital	117	117
Reserves	4,187	7,414
Total Equity	4,304	7,531
Non-current Liabilities		
Derivative financial instruments	58	–
Senior notes	7,267	7,420
	7,325	7,420
	11,629	14,951

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For the year ended 31 December 2025

54. Statement of Financial Position of the Company (continued)

The statement of changes in equity is as follow:

	Shares held under Share		Share premium	Hedging reserve	Share options reserve	Retained earnings	Total
	Share capital	Award Scheme					
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
At 1 January 2024	117	(397)	28	(118)	142	4,967	4,739
Profit and total comprehensive income for the year	-	-	-	76	-	6,396	6,472
Repurchase of shares for share award	-	(665)	-	-	-	-	(665)
Dividends appropriation (Note 13)	-	-	(28)	-	-	(2,987)	(3,015)
At 31 December 2024	117	(1,062)	-	(42)	142	8,376	7,531
Loss and total comprehensive expense for the year	-	-	-	(153)	-	(38)	(191)
Issue of ordinary shares on exercise of share options (Note 39&43)	-	-	29	-	(6)	-	23
Cancellation and lapse of share options (Note 43)	-	-	132	-	(132)	-	-
Dividends appropriation (Note 13)	-	-	-	-	-	(3,059)	(3,059)
At 31 December 2025	117	(1,062)	161	(195)	4	5,279	4,304

Note: The revenue of the Company, derived primarily from dividend income, is RMB100 million for the year ended 31 December 2025 (2024: RMB6,376 million).

55. NON ADJUSTING EVENTS AFTER THE REPORTING DATE

On 18 March 2025, Xinneng (Hong Kong) Energy Investment Limited, a substantial shareholder of the Company, proposed to privatise the Company by way of a scheme of arrangement pursuant to section 86 of the Companies Act (2025 Revision) of the Cayman Islands. This transaction is not yet completed and the Company has regularly updated the transaction details through publications or announcements.

Saved as disclosed above, there is no other material event that casted material impact on the Group since the end of the reporting period, and the Group has no material contingent liability as at 31 December 2025.



Rooms 3101-04, 31/F., Tower 1, Lippo Centre,
No.89 Queensway, Hong Kong

Tel ● (852) 2528 5666
Fax ● (852) 2865 7204
Website ● www.ennenergy.com
E-mail ● enn@enn.cn