香港中華煤氣有限公司

The Hong Kong and China Gas Company Limited

(Stock Code: 3)

2025 Annual Report

Green Energy for a Brighter Future

OUR MISSION

To provide our customers with safe, reliable, clean and smart energy along with quality services, while committed to fulfilling our social responsibility, ensuring sustainable business growth, enhancing our shareholders' return on investment, and bringing long-term benefit for our planet, society, and stakeholders.

OUR VISION

To be a leading clean and smart energy supplier, with a view to creating a sustainable world driven by green energy.

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2025 Awards and Recognitions

Sustainability Yearbook (China Edition) 2025

Member

"Top 1%" S&P Global CSA Score among Chinese Companies
(Gas Utilities Sector)

S&P Global

2024 Hong Kong Awards for Environmental Excellence

Bronze Award
(Public and Community Services)

Environmental Campaign Committee and Environment and Ecology Bureau

BOCHK Corporate Low-Carbon Environmental Leadership Awards 2024

Gold Award – Manufacturing Sector

Guangdong – Hong Kong – Macao Greater Bay Area
Environmental Leadership Recognition Award

Outstanding Sustainability Corporate Award 10+

Federation of Hong Kong Industries

Hong Kong Volunteer Award 2025

Outstanding Corporate – Excellence Award

Home and Youth Affairs Bureau and Agency for Volunteer Service

HR Asia Best Companies to Work for in Asia 2025 – Hong Kong region

HR Asia

CHO Appreciation Award 2025

Top 10 Happy Companies to Work For

CHO Entrepreneurial Mindset Award

Chief Happiness Officer Association

24th Hong Kong Occupational Safety and Health Award

OSH Report Award – Gold Award

OSH Enhancement Program Award – Bronze Award

OSH Innovative Award – Bronze Award
and six other awards

Occupational Safety & Health Council

Hong Kong Top Service Brand Awards

2025 Hong Kong Top Service Brand Awards
(Towngas Lifestyle)

Hong Kong Brand Development Council and The Chinese Manufacturers' Association of Hong Kong

Industry Cares Recognition Scheme 2025

The Grand Award (Enterprise Group)

The Most Devoted Award (Enterprise Group)

The Best CSV Award (Enterprise Group)

Federation of Hong Kong Industries

Best AI Innovations in Construction and Engineering 2025

Outstanding Talent Award

Electrical and Mechanical Services Department and Guangdong Provincial Association for Science and Technology

2025 Milestones

January

- Towngas ("the Group") signed a memorandum of understanding ("MOU") with Chi Shing (Hong Kong) Group for hydrogen power generation and green energy development.
- Signed an MOU with Singapore's Global Energy to jointly advance the supply and distribution of green methanol as a maritime fuel.

- The Towngas Volunteer Service Team joined forces with the Water Supplies Department to establish the Towngas-WSD Volunteer Team to serve those in need.

February

- Supported the HYAB Scheme on Corporate Summer Internship on the Mainland and Overseas to enhance competitiveness and broaden opportunities for tertiary students.

March

- Launched the Cooking Safety Stickers to help the visually impaired enjoy cooking.

April

- The Group completed the first large-scale bunkering of Inner Mongolia-produced green methanol in Shanghai.

May

- TGT, a wholly-owned subsidiary of the Group, signed an MOU with Ant Digital Technologies to jointly explore utilising AI to enhance data centre services.
- Attended the 29th World Gas Conference to share energy transition experience with the industry.

June

- Signed MOUs with Transport and Logistics Bureau and Pacific Basin to support Hong Kong's development into a green maritime fuel bunkering and trading centre.
- Launched the Gas Guardian Care Network programme with the Hong Kong Federation of Trade Unions to enhance home safety for the elderly with gerontechnology.

July

- Partnered with HKSTP to build Hong Kong's first public EV automatic hydrogen charging system.

- Towngas Lifestyle, a subsidiary of the Group, secured strategic funding from Oriza FOFs and FountainVest to accelerate business growth and enhance products and service quality.

August

- Teamed up with B.Duck to host the inaugural STEAM summer camp, featuring four career themes to explore the wonders of energy.

September

- Signed with Linde HKO to develop a local hydrogen supply chain.
- The Group achieved the highest "AAA" ESG rating in the Hang Seng Corporate Sustainability Index and ranked first overall among Hong Kong utilities.

October

- VENEX, a member of the Group, signed a strategic green methanol supply agreement with Veolia and SIPG to accelerate the energy transition of the port and shipping industry.

November

- Completed the first real-world asset ("RWA") tokenisation project, utilising a HK$100 million credit facility for TGT, a wholly-owned subsidiary of the Group, to fund AI data centres, Artificial Intelligence of Things ("AIoT") and cross-border infrastructure.
- Developed Hong Kong's first integrated hydrogen power generator and deployed it at the 15th National Games golf tournament in Fanling.

December

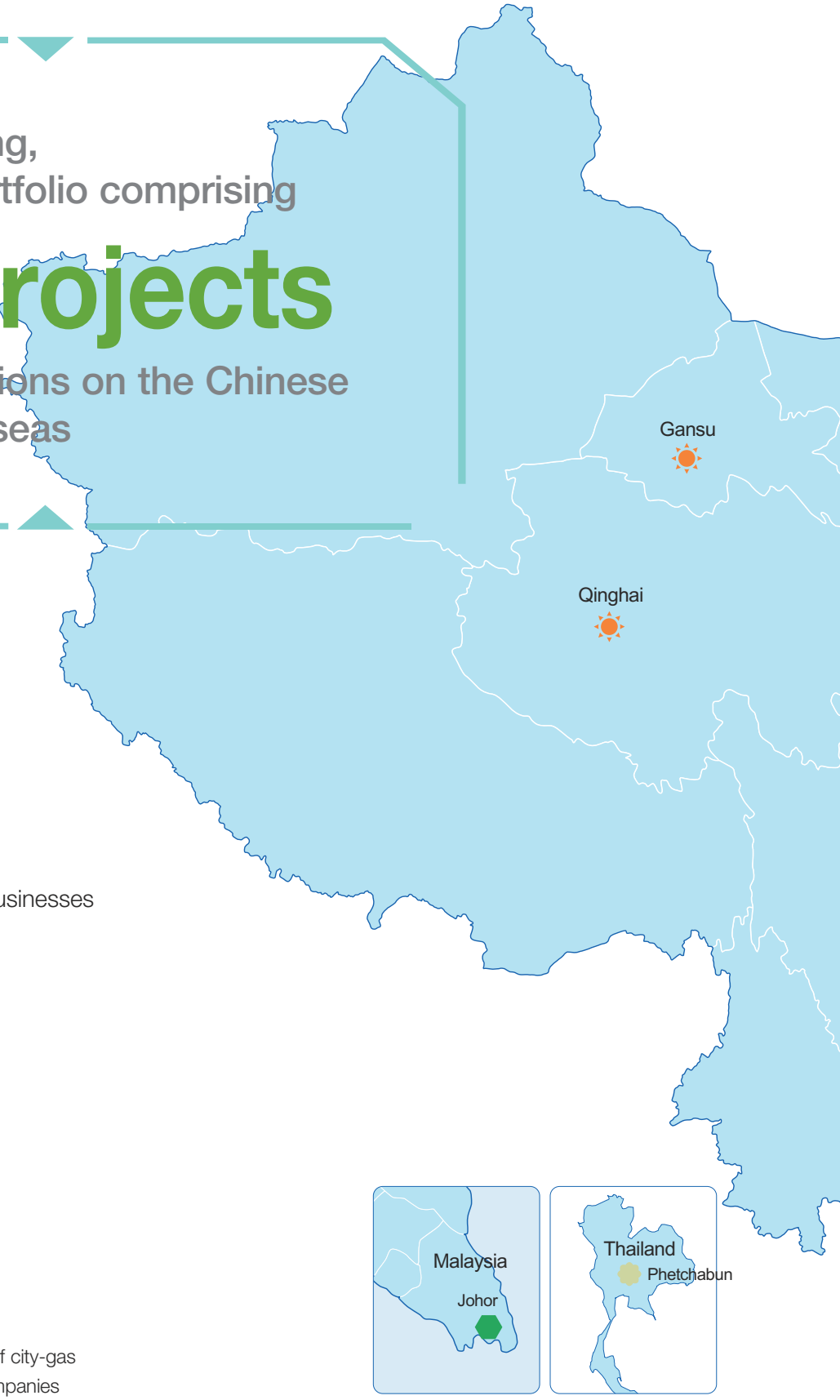
- The Group signed a strategic cooperation agreement with CR Longdation, combining wholly-owned subsidiary TGT's telecom infrastructure and AI solutions with CR Longdation's property portfolio and asset management strengths to jointly expand energy services and smart living services.

2025 Business Coverage

Based in Hong Kong,
Towngas has a portfolio comprising

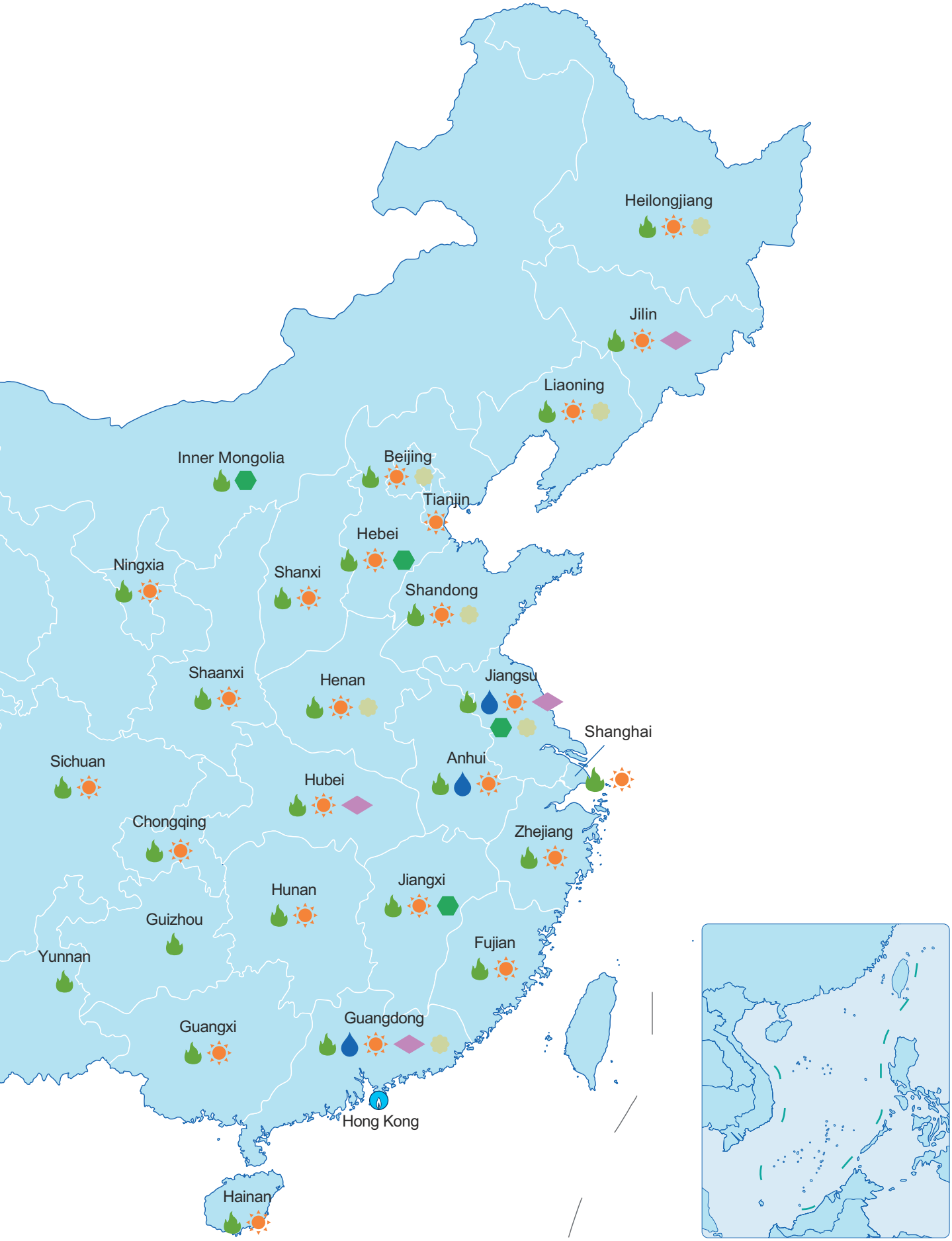
1,180 projects

in 29 provincial regions on the Chinese mainland and overseas



- City-Gas Projects
- Renewable Energy Projects
- Water and Environmental Businesses
- Extended Businesses
- Green Fuels
- Others

2024 year end: 970 projects, inclusive of city-gas projects re-invested by the Group's companies


Heilongjiang
Jilin
Liaoning
Inner Mongolia
Beijing
Tianjin
Hebei
Ningxia
Shanxi
Shandong
Shaanxi
Henan
Jiangsu
Shanghai
Sichuan
Anhui
Hubei
Chongqing
Zhejiang
Hunan
Jiangxi
Guizhou
Fujian
Yunnan
Guangxi
Guangdong
Hong Kong
Hainan

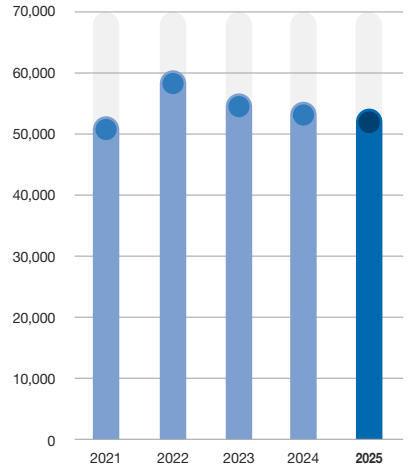
Business Highlights

	2025	2024	Change %
FINANCIAL (GROUP)			
Revenue, HK million dollars	**54,326**	55,473	-2
Profit Attributable to Shareholders, HK million dollars	**5,688**	5,712	–
Dividends, HK million dollars	**6,531**	6,531	–
SHAREHOLDERS			
Issued Shares, million of shares	**18,660**	18,660	–
Shareholders' Funds, HK million dollars	**59,351**	57,390	+3
Basic Earnings per Share, HK cents	**30.5**	30.6	–
Diluted Earnings per Share, HK cents	**30.2**	30.1	–
Dividends per Share, HK cents	**35.0**	35.0	–
Shareholders' Funds, HK dollars per share	**3.2**	3.1	+3
Number of Shareholders as at 31st December	**12,276**	12,825	-4
OPERATING (GROUP)			
Town Gas Sold in Hong Kong, million	**27,181 MJ**	27,159 MJ	–
Gas Sold by City-gas Business on the Chinese mainland, million, natural gas equivalent*	**36,348 m^3**	36,355 m^3	–
Number of Customers in Hong Kong as at 31st December, thousand	**2,056**	2,037	+1
Number of City-gas Customers on the Chinese mainland as at 31st December, thousand*	**44,265**	42,491	+4
OPERATING (HONG KONG)			
Number of Customers per km of Mains	**588**	585	+1
Installed Capacity, thousand m^3 per hour	**534**	534	–
Installed Capacity, thousand m^3 per day	**12,820**	12,820	–
Peak Hourly Demand, thousand m^3	**488**	500	-2
Maximum Daily Demand, thousand m^3	**6,261**	6,466	-3
Number of Employees as at 31st December	**2,146**	2,169	-1
Number of Customers per Employee	**958**	939	+2

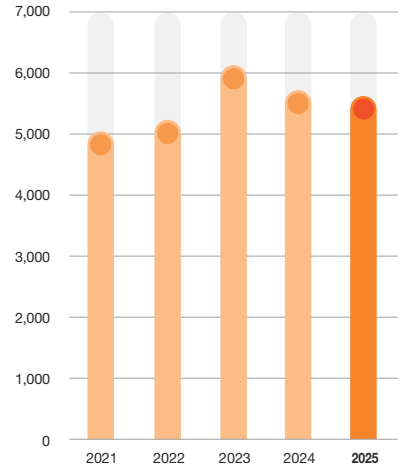
* Inclusive of all mainland city-gas projects of the Group

Five-Year Summary

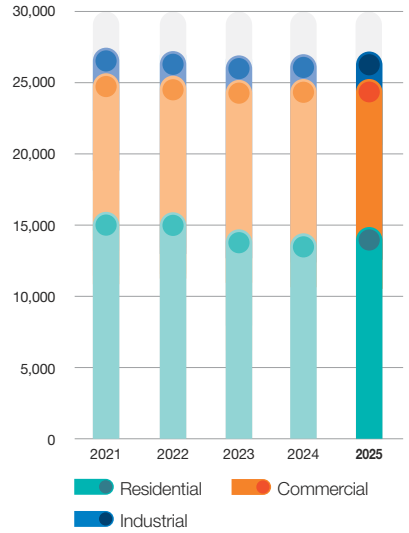
Revenue
(HK$ million)



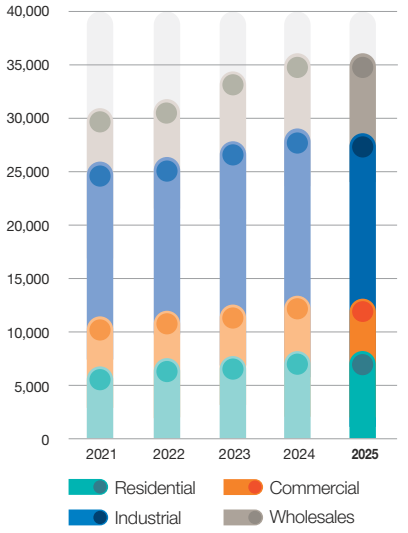
Profit Attributable to Shareholders
(HK$ million)



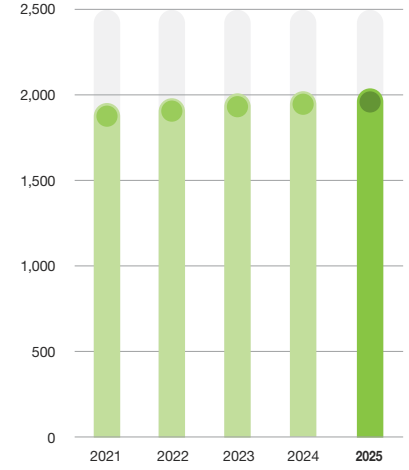
Town Gas Sales (Hong Kong)
(million MJ)



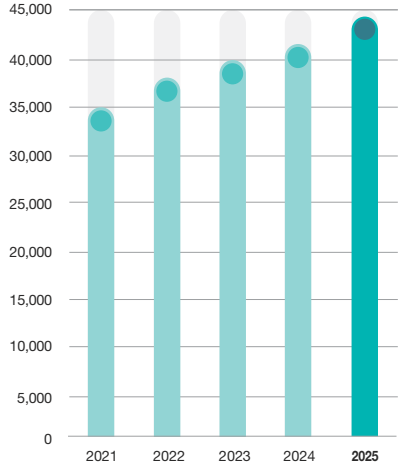
Gas Sales (Mainland City-gas)
(million m³)



Number of Customers (Hong Kong)
(thousand)



Number of Customers (Mainland City-gas)
(thousand)



Chairmen's Statement

Photo Credit: Jocelyn Tam, Forbes Asia

In the long run, we will channel our efforts and resources into the sectors our planet needs most.

– Dr. the Hon. Lee Ka-kit

As always, we remain steadfast in our corporate ethos: driven by people, guided by compassion.

– Dr. Lee Ka-shing

In 2025, the global economy was tested by the headwinds of trade barriers and geopolitical tensions. Against this challenging backdrop, HKCG ("the Group") demonstrated the resilience of a century-old enterprise. We improved operational performance through quality improvement, efficiency gains, business restructuring, and our transition to an asset-light model. Meanwhile, we introduced strategic investors to accelerate the diversification of our energy portfolio.

The transition to a green, low-carbon economy is now an irreversible trend within the energy sector. Driven by the national commitment to the dual carbon goals and the introduction of multiple policy frameworks, the Group has seized the opportunity to pioneer future energy sources. We have identified green methanol, hydrogen energy, distributed photovoltaics, and sustainable aviation fuel ("SAF") as key engines for future growth. This focus is accelerating our evolution from a traditional public utility into a leading, integrated green energy technology enterprise.

We have established a "twin-engine" growth strategy: capitalising on our stable traditional utility operations to provide disciplined management capabilities and strong cash flow, which in turn fund our rapid growth businesses, including renewable energy, green methanol, hydrogen energy, SAF, and smart living businesses. At the same time, the Group is actively embracing technology by embedding artificial intelligence across all our operations, thereby optimising production efficiency and enhancing our predictive risk management capabilities.

This report reviews our progress over the past year and outlines how we will utilise technology and innovation to stay ahead of the curve during this industry transition, ultimately creating long-term value for our shareholders.

Final Dividend

The Group's after-tax operating profit and core operating profit were HK$7.5 billion and HK$6.0 billion respectively, representing respective increase of 2% and 4%. After taking into account non-operating gains and losses and changes on revaluation of properties, profit attributable to shareholders reached HK$5.7 billion, at a similar level as the previous year. Basic earnings per share amounted to HK30.5 cents. The Board recommends a final dividend of HK23 cents per share payable to shareholders whose names are on the Register of Members of the Company as at 9th June 2026, being the record date for determining shareholders' entitlement to the proposed final dividend. Together with the interim dividend of HK12 cents per share paid on 15th September 2025, the total dividend payout for the whole year shall be HK35 cents per share.

Utility Businesses: Solid Foundation and Proven Resilience

In Hong Kong, the gas business serves as the Group's traditional core foundation. Operating in an increasingly mature local market, the segment benefitted from the HKSAR Government's vigorous promotion of tourism and the mega-event economy. This stimulated local consumption, enabling our gas business to maintain a stable performance.

We are, however, not resting on our laurels. Building on our commitment to providing stable and high-quality services to our customers, we are harnessing technological innovation to expand gas applications driven by green transformation. Looking ahead, the development of the Northern Metropolis will be a key growth engine for our local operations, and we stand ready to support the development of this new district by delivering premium energy infrastructure.

Our gas operations on the Chinese mainland demonstrated resilience amid a challenging environment. While city-gas enterprises generally faced pressures from adjustments in the real estate market and the macroeconomic environment, the Group effectively controlled costs by optimising our gas supply chain and deepening long-term collaborations with major state-owned oil enterprises and PipeChina. Notably, the Group has made significant progress in rationalising its pricing mechanism (cost pass-through). Price adjustments for industrial and commercial customers are now largely complete, while 90% of residential users have either implemented or confirmed their adjustment plans, which will effectively improve our gross profit margin. As the national 15th Five-Year Plan continues to drive urbanisation and the real estate market transitions towards high-quality development, we remain optimistic about the recovery in gas demand.

Additionally, driven by operational synergies, the Group's water and environmental businesses maintained profitable growth and generated stable cash flow during the year, with water sales volume continuing to rise. Our food waste processing business also supplied used cooking oil (commonly known as "gutter oil") to the Group's associated company, EcoCeres, as feedstock for the production of SAF, further highlighting the dual economic and environmental benefits of our operations.

Growth Businesses: Green Engine, Full Speed Ahead

The renewable energy business of Towngas Smart Energy Company Limited (stock code: 1083.HK), a subsidiary of the Group, has entered a phase of high-quality development. By adopting an "asset-light" model, coupled with a differentiated competitive strategy and a solid business footprint, we have demonstrated strong risk resilience and robust growth momentum.

The country firmly supports the high-quality and sustainable development of the renewable energy industry, continuously strengthening top-level design and policy guidance. With the commencement of the 15th Five-Year Plan, favourable policies in areas such as zero-carbon industrial parks, distributed energy and smart microgrids will continue to materialise, heralding a new wave of development opportunities. The Group's business strategy, centred on the "synergistic development of gas and electricity" and an "integrated model of solar power, energy storage and electricity sales", not only aligns with national policies promoting zero-carbon industrial parks, but also generates stable green revenue streams, further solidifying our market position.

Building upon core achievements, including 128 existing zero-carbon smart industrial parks and 2.8 GW of grid-connected distributed photovoltaic capacity, the Group continues to implement its asset-light strategy. By utilising green financing to broaden capital channels and optimise our cash flow structure, we adhere to a dual-track development approach of "expanding scale and enhancing value", steadily increasing our market penetration and business footprint.

In the field of SAF, EcoCeres — which was incubated by the Group and in which we remain a strategic shareholder — holds strong competitive advantages in operational stability and cost efficiency. During the year, it successfully secured supply agreements with major airlines, yielding excellent results. Following the Zhangjiagang facility in Jiangsu Province reaching full capacity, EcoCeres's new plant in Malaysia commenced operations smoothly by year-end. This effectively doubled its production capacity, increasing total annual output from 350,000 tonnes to 770,000 tonnes, making EcoCeres the world's second-largest SAF producer.

We are fully aligned with the HKSAR Government's green energy strategy, supporting the development of a SAF value chain in the Guangdong-Hong Kong-Macao Greater Bay Area to meet future domestic and international demand. We look forward to EcoCeres's continued growth.

In the green methanol business, as major shipping companies deploy newly built green-powered vessels, the green marine fuel produced at the Group's Inner Mongolia facility achieved significant sales growth in 2025, supported by a clear long-term upward trend in market demand. Capitalising on our three core advantages on the Chinese mainland — cost, technology and speed — we will continue to expand our production capacity. Our new facility in Foshan is scheduled for completion by the end of 2027. Upon successful commissioning, the combined annual capacity of both plants will reach 500,000 tonnes, aligning with the HKSAR Government's blueprint to establish a green shipping corridor and a green maritime fuel bunkering centre.

In 2025, we achieved significant milestones in our hydrogen energy business, focusing not only on supply but also on building a comprehensive application ecosystem. The Group is actively advancing hydrogen energy from laboratory research to commercial deployment. From extracting hydrogen from our gas network for power generation to meeting electricity demands at construction site offices, each step marks tangible progress in technology implementation. Furthermore, through establishing industry standards and cross-sector research and development collaborations, we are steadily reinforcing Hong Kong's leading edge in the energy transition.

Building on our vast network of 46 million gas customers (covering a market of approximately 130 million) across the Chinese mainland and Hong Kong, we have extended our business into smart living services, encompassing smart kitchens, insurance and home safety products. The segment delivered a strong performance during the year and completed its first round of strategic financing, demonstrating high market endorsement of this strategic direction. Concurrently, we are deeply embedding artificial intelligence into our operational core to develop smart products, enhancing production and safety inspection efficiency across our operations. By seamlessly integrating technology into our users' daily lives, we are laying a robust foundation for future expansion.

Environmental, Social and Governance

The Group has consistently integrated Environmental, Social and Governance ("ESG") principles into its core strategy, driving the low-carbon transformation of the energy system through green production. During the year, we strengthened our digital and smart management capabilities, achieving dual improvements in both production and operational efficiency, as well as customer service quality.

In 2025, the Group successfully achieved its stated carbon reduction target, reducing greenhouse gas emissions from our operations by 10% against the 2020 baseline. Furthermore, the Group's ESG performance received widespread recognition. The Group was upgraded to the highest rating of "AAA" in the Hang Seng Corporate Sustainability Index, ranking first among Hong Kong's public utility enterprises, while our MSCI ESG rating was also upgraded from "A" to "AA". These outcomes reflect international rating agencies' affirmation of the Group's sustainable development strategy and governance effectiveness.

Outlook for 2026

Following several years of business and structural reorganisation and the implementation of our development strategy, the Group has achieved significant progress and results. Having evolved from a traditional energy company into an enterprise focused on green energy technology, the Group is now positioned to maintain its competitiveness well into the future. In the long run, we will channel our efforts and resources into the sectors our planet needs most.

As we look ahead to 2026, while the global economy and geopolitical landscape will remain full of uncertainty, they are also replete with opportunities. The commencement of the national 15th Five-Year Plan, alongside the Hong Kong SAR's renewed efforts to revitalise the economy, promote tourism and develop new towns, will provide a broad platform on which to grow the Group's diverse businesses.

As we continue to advance our twin-engine strategy, the utility businesses will remain the profit stabiliser for the Group, while our "sea, land and air" green fuel businesses and renewable energy will serve as engines of future growth.

In our extended businesses, the Group will harness synergies between Hong Kong and the Chinese mainland to capture opportunities in the smart living services market. We will also sharpen our focus on product research and development to meet diverse customer needs, and continue forming strategic partnerships to promote innovative new products and high-quality services, all with the aim of creating a premium smart living experience for users.

To support these efforts, we will broadly apply advanced technologies, including artificial intelligence, to foster new quality productive forces, while continuing, as always, to remain steadfast in our corporate ethos: driven by people, guided by compassion, continuing to care for and give back to the community.

Finally, we extend our heartfelt gratitude to our shareholders and stakeholders for their trust. Let us move forward together to create sustainable and outstanding performance.

Dr. the Hon. Lee Ka-kit	**Dr. Lee Ka-shing**
Chairman	*Chairman*

20th March 2026

Board of Directors

Dr. the Hon. Lee Ka-kit

GBM, GBS, JP, DBA (Hon)

- **Chairman and Non-executive Director**
- **Aged 62**
- **Appointed on 14th March 1990**
- **Brother of Dr. Lee Ka-shing (Chairman and Non-executive Director of the Company)**

Qualifications and Education

- Honorary University Fellowship, The University of Hong Kong
- Honorary Degree of Doctor of Business Administration, Edinburgh Napier University

Other Major Offices

- Chairman of Nomination Committee of the Company
- Member of Remuneration Committee of the Company
- Henderson Land Development Company Limited* – Chairman and Managing Director
- Henderson Investment Limited* – Vice Chairman
- Towngas Smart Energy Company Limited* – Chairman and Non-executive Director

Public Services

- The Standing Committee of the 14th National Committee of the Chinese People's Political Consultative Conference – Member
- One Country Two Systems Research Institute – Chairman of the Board of Directors

Relationship with Substantial Shareholders#

- Henderson Land Development Company Limited* – Chairman and Managing Director
- Henderson Development Limited – Chairman
- Hopkins (Cayman) Limited – Director
- Rimmer (Cayman) Limited – Director
- Riddick (Cayman) Limited – Director

* listed public company
\# under the provisions of the Securities and Futures Ordinance of Hong Kong

Yeung Lui-ming | Anna Wong Wai-kwan | Andrew Fung Hau-chung | Moses Cheng Mo-chi | David Li Kwok-po | Lee Ka-kit Chairman

Dr. Lee Ka-shing

GBS, JP, DSSc (Hon)

- **Chairman and Non-executive Director**
- **Aged 54**
- **Appointed on 3rd September 1999**
- **Brother of Dr. the Hon. Lee Ka-kit (Chairman and Non-executive Director of the Company)**

Qualifications and Education

- Honorary Fellowship, University College London
- Honorary Degree of Doctor of Social Science, The Hang Seng University of Hong Kong

Other Major Offices

- Chairman of Nomination Committee of the Company
- Member of Remuneration Committee of the Company
- Henderson Land Development Company Limited* – Chairman and Managing Director
- Henderson Investment Limited* – Chairman and Managing Director
- Miramar Hotel and Investment Company, Limited* – Chairman and Chief Executive Officer

Public Services

- Court of The Hong Kong Polytechnic University – Member
- Court of City University of Hong Kong – Member
- Standing Committee of the 14th Beijing Municipal Committee of the Chinese People's Political Consultative Conference – Member

Relationship with Substantial Shareholders#

- Henderson Land Development Company Limited* – Chairman and Managing Director
- Henderson Development Limited – Chairman
- Hopkins (Cayman) Limited – Director
- Rimmer (Cayman) Limited – Director
- Riddick (Cayman) Limited – Director
- Disralei Investment Limited – Director
- Medley Investment Limited – Director
- Faxson Investment Limited – Director
- Chelco Investment Limited – Director
- Macrostar Investment Limited – Director
- Timpani Investments Limited – Director

* listed public company
\# under the provisions of the Securities and Futures Ordinance of Hong Kong

Lee Ka-shing Chairman | Poon Chung-kwong | Colin Lam Ko-yin | Peter Wong Wai-yee | Chan Ying-lung

Dr. Colin Lam Ko-yin

GBS, SBS, FCILT, FHKIoD, DB (Hon), DBA (Hon), DSocSc (Hon)

◆ **Non-executive Director** ◆ **Aged 74**

◆ **Appointed on 15th July 1983**

Qualifications and Education

- Fellow of The Chartered Institute of Logistics and Transport in Hong Kong
- Fellow of The Hong Kong Institute of Directors
- Honorary University Fellowship, The University of Hong Kong
- Honorary Fellowship, The Chinese University of Hong Kong
- Degree of Doctor of Business (Honoris Causa), Macquarie University
- Degree of Doctor of Business Administration (Honoris Causa), The Hong Kong University of Science and Technology
- Degree of Doctor of Social Sciences (Honoris Causa), The University of Hong Kong

Other Major Offices

- Henderson Land Development Company Limited* – Vice Chairman
- Henderson Investment Limited* – Vice Chairman
- Hong Kong Ferry (Holdings) Company Limited* – Chairman
- Miramar Hotel and Investment Company, Limited* – Executive Director

Public Services

- The University of Hong Kong Foundation for Educational Development and Research – Deputy Chairman
- Fudan University Education Development Foundation – Director
- The 8th University Board of Fudan University – Member
- Court of Hong Kong Baptist University – Honorary Member
- Court of The Hong Kong University of Science and Technology – Member
- Court of City University of Hong Kong – Member

Relationship with Substantial Shareholders#

- Henderson Land Development Company Limited* – Vice Chairman
- Henderson Development Limited – Director
- Hopkins (Cayman) Limited – Director
- Rimmer (Cayman) Limited – Director
- Riddick (Cayman) Limited – Director
- Disralei Investment Limited – Director
- Medley Investment Limited – Director
- Macrostar Investment Limited – Director

Prof. Andrew Fung Hau-chung

SBS, BBS, JP, BA, CMA (Australia), FIPA (Australia)

◆ **Non-executive Director** ◆ **Aged 68**

◆ **Appointed on 14th June 2022**

Qualifications and Education

- Bachelor of Arts Degree, The University of Hong Kong
- Honorary Fellowship, Lingnan University

Other Major Offices

- Henderson Land Development Company Limited* – Executive Director and Chief Financial Officer

Public Services

- School of Accounting and Finance of The Hong Kong Polytechnic University – Professor of Practice (Finance)
- The Hang Seng University of Hong Kong – Adjunct Professor
- School Management Committee of Buddhist Tai Hung College – Member
- The D.H. Chen Foundation – Trustee
- Cantonese Opera Advisory Committee – Member
- Cantonese Opera Development Fund Advisory Committee – Member
- Banking Review Tribunal – Member
- The Community Chest of Hong Kong – Board Member
- Accounting and Financial Reporting Council – Non-executive Director
- Working Group on Promoting Gold Market Development – Member
- Insurance Authority – Non-executive Director

Relationship with Substantial Shareholders#

- Henderson Land Development Company Limited* – Executive Director and Chief Financial Officer

Past Experience

Prof. Fung served as an executive director and the Head of Global Banking and Markets of Hang Seng Bank Limited before he stepped down from such positions in July 2017. He has been engaged in the banking industry since graduation, serving at Societe Generale, The Hongkong and Shanghai Banking Corporation Limited, Commonwealth Bank of Australia, Hong Kong Branch and DBS Bank (Hong Kong) Limited. He has 44 years of experience in banking, capital markets and asset management.

* listed public company

\# under the provisions of the Securities and Futures Ordinance of Hong Kong

Dr. the Hon. Sir David Li Kwok-po

GBM, GBS, OBE, JP, MA Cantab. (Economics & Law), Hon. LLD (Cantab), Hon. DSc. (Imperial), Hon. LLD (Warwick), Hon. DBA (Edinburgh Napier), Hon. D.Hum.Litt. (Trinity, USA), Hon. LLD (Hong Kong), Hon. DSocSc (Lingnan), Hon. DLitt (Macquarie), Hon. DSocSc (CUHK), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, Officier de l'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur

◆ Independent Non-executive Director ◆ Aged 87
◆ Appointed on 22nd November 1984

Other Major Offices

- Chairman of Board Audit and Risk Committee of the Company
- Chairman of Remuneration Committee of the Company
- Member of Nomination Committee of the Company
- The Bank of East Asia, Limited* – Executive Chairman
- The Hongkong and Shanghai Hotels, Limited* – Independent Non-executive Director
- San Miguel Brewery Hong Kong Limited* – Independent Non-executive Director

Public Services

- Treasury Markets Association – Council member
- The Friends of Cambridge University in Hong Kong Limited – Founding Chairman
- The Salvation Army Hong Kong and Macau Territory – Chairman of the Advisory Board
- St. James' Settlement – Chairman of the Executive Committee
- Hong Kong Academy of Finance – Fellow

Past Experience

Sir David was previously an Independent Non-executive Director of Vitasoy International Holdings Limited*. He was a Member of the Executive Council of Hong Kong from 2005 to 2008 and the Legislative Council of Hong Kong from 1985 to 2012. He was appointed Vice Chairman of the Basic Law Drafting Committee of the Hong Kong Special Administrative Region in 1985.

Prof. the Hon. Poon Chung-kwong

GBM, GBS, JP, OBE, PhD, DSc

◆ Independent Non-executive Director ◆ Aged 86
◆ Appointed on 18th November 2009

Qualifications and Education

- Bachelor of Science (Honours) Degree, The University of Hong Kong
- Doctor of Philosophy Degree and Higher Doctor of Science Degree, University of London
- Postdoctoral Fellow at the California Institute of Technology, University of Southern California and University of Toronto
- Honorary Degree of Doctor of Humanities, The Hong Kong Polytechnic University

Other Major Offices

- Member of Board Audit and Risk Committee, Remuneration Committee and Nomination Committee of the Company
- Henderson Land Development Company Limited* – Independent Non-executive Director
- Chevalier International Holdings Limited* – Independent Non-executive Director

Public Services

- Virya Foundation Limited (a registered non-profit charitable organisation) – Chairman

Relationship with Substantial Shareholders#

- Henderson Land Development Company Limited* – Independent Non-executive Director

Past Experience

Prof. Poon is an Emeritus Professor and the President Emeritus of The Hong Kong Polytechnic University. He had devoted 40 years of his life to advancing university education in Hong Kong before he retired in January 2009 from his 18-year presidency at The Hong Kong Polytechnic University. He was previously a Non-executive Director of Lee & Man Paper Manufacturing Limited*. In addition, he was appointed as a member of the Legislative Council of Hong Kong (1985-1991) and a member of the National Committee of the Chinese People's Political Consultative Conference (1998-2013).

* listed public company
\# under the provisions of the Securities and Futures Ordinance of Hong Kong

Dr. the Hon. Moses Cheng Mo-chi

GBM, GBS, OBE, JP

◆ **Independent Non-executive Director** ◆ **Aged 76**

◆ **Appointed on 14th January 2019**

Qualifications and Education

- Practising Solicitor

Other Major Offices

- Member of Board Audit and Risk Committee, Remuneration Committee, Nomination Committee and Board Environmental, Social and Governance Committee of the Company
- Messrs. P.C. Woo & Co. – Senior Consultant
- Towngas Smart Energy Company Limited* – Independent Non-executive Director
- Guangdong Investment Limited* – Independent Non-executive Director
- K. Wah International Holdings Limited* – Non-executive Director
- Liu Chong Hing Investment Limited* – Independent Non-executive Director
- Tian An China Investments Company Limited* – Non-executive Director

Public Services

- Executive Council of the Hong Kong Special Administrative Region – Non-official member
- Hong Kong Maritime and Port Development Board – Chairman
- The Hong Kong Institute of Directors – Honorary President and Chairman Emeritus

Past Experience

Dr. Cheng was a senior partner and consultant of Messrs. P.C. Woo & Co. from 1994 to January 2023. He was also a member of the Legislative Council of Hong Kong as well as the founder Chairman of the Insurance Authority and The Hong Kong Institute of Directors.

Prof. Anna Wong Wai-kwan

JD, MBA, BA

◆ **Independent Non-executive Director** ◆ **Aged 66**

◆ **Appointed on 25th June 2024**

Qualifications and Education

- Senior Fellow of Hong Kong Securities and Investment Institute
- Fellow of St. John's College, The University of Hong Kong
- Bachelor of Arts degree, The University of Hong Kong
- Master of Business Administration degree, The Chinese University of Hong Kong
- Juris Doctor degree, The University of Hong Kong

Other Major Offices

- Chairman of Board Environmental, Social and Governance Committee of the Company
- Member of Board Audit and Risk Committee, Remuneration Committee and Nomination Committee of the Company
- MTR Corporation Limited* – Independent Non-executive Director
- Professor of Practice in Finance at the Faculty of Business and Economics and the Program Director of the Bachelor of Finance (Asset Management and Private Banking) at The University of Hong Kong

Public Services

- Competition Commission – Member
- Process Review Panel for the Accounting and Financial Reporting Council – Member
- Innovation and Technology Venture Fund Advisory Committee – Member

Past Experience

Prof. Wong has extensive experience in banking and finance. She had worked in major financial institutions including Citigroup, HSBC, Credit Suisse, BNP Paribas and the Chase Manhattan Bank, covering work related to private banking, asset management, securities brokerage, corporate and commercial banking, credit and risk management, and was the Head of Private Bank, Greater China at Credit Suisse and the CEO of HSBC Broking Services (Asia) Limited. Prof. Wong was previously an Independent Non-executive Director of Bank of China International Limited, a non-executive director of the Insurance Authority, a member of the Advisory Committee of the Securities and Futures Commission, a director of each of the Hong Kong Securities and Investment Institute and Hong Kong Securities Association Limited, a member of the Investment Committee of The Hong Kong Polytechnic University, a member of the Human Capital Committee of the Financial Services Development Council and a member of the Finance Committee of the Housing Authority.

* listed public company

Mr. Peter Wong Wai-yee

CPA (CANADA), CMA, CPA (HK), ACG, HKACG, AdFHKIE, FIGEM, FHKIoD, FHKMA, MBA

◆ **Managing Director** ◆ **Aged 74**

◆ **Appointed on 1st February 2013**

Qualifications and Education

- Chartered Professional Accountant of Canada
- Certified Public Accountant of Hong Kong
- Chartered Company Secretary and Chartered Governance Professional in Hong Kong and the United Kingdom
- Adjunct Fellow of The Hong Kong Institution of Engineers
- Fellow of The Institution of Gas Engineers and Managers of the United Kingdom
- Fellow of The Hong Kong Institute of Directors
- Professor of Practice of HKMA Institute of Advanced Management Development
- Completed the Advanced Management Program from Harvard Business School in the United States

Other Major Offices

- Member of Board Environmental, Social and Governance Committee of the Company
- Towngas Smart Energy Company Limited* – Executive Director and Chief Executive Officer
- EcoCeres, Inc. – Director
- Shenzhen Gas Corporation Ltd.* – Vice Chairman
- Foran Energy Group Co., Ltd.* – Vice Chairman

Public Services

- Employers' Federation of Hong Kong – Council Member
- Hong Kong Trade Development Council Infrastructure Development Advisory Committee – Member
- The Hong Kong Management Association ("HKMA") Global Centre for ESG Education and Research – Chairman of the Advisory Board
- HKMA – Council Member and Member of Executive Committee

Past Experience

Mr. Wong was named consecutively as one of "The Best CEO of Chinese Listed Companies" by Forbes in 2012 and 2013. He received the inaugural Climate Governance Award in the "Listed Company – Executive Directors" category from The Hong Kong Institute of Directors in 2024. Mr. Wong was a member of the Mainland Business Advisory Committee of the Hong Kong Trade Development Council, a member of the Advisory Committee and External Advisor of the Career Planning and Development Steering Committee of the College of Professional and Continuing Education, The Hong Kong Polytechnic University as well as a Council member of the Vocational Training Council.

* listed public company

Mr. Yeung Lui-ming

FCCA, FCPA

◆ **Executive Director and Chief Financial Officer** ◆ **Aged 58**
◆ **Appointed on 1st January 2024**

Qualifications and Education

- Fellow Member of the Association of Chartered Certified Accountants
- Fellow Member of The Hong Kong Institute of Certified Public Accountants
- Associate of The Taxation Institute of Hong Kong
- Ordinary Member of Hong Kong Securities and Investment Institute
- Graduated from The Hong Kong Polytechnic University

Other Major Offices

- Member of Board Environmental, Social and Governance Committee of the Company

Past Experience

Mr. Yeung held management positions in financial advisory department of Deloitte China for many years. He served as the National Managing Partner of Financial Advisory of Deloitte China from November 2013 to May 2021 and was appointed as the Vice Chairman of Deloitte China since June 2021. Before Mr. Yeung stepped down from Deloitte China, he led the team in capital market advisory, debt restructuring, fund advisory, forensic accounting investigation, corporate restructuring, etc. and advised corporate clients and investors both on the Chinese mainland and Hong Kong on various investment projects, acquisitions and mergers projects.

Mr. Chan Ying-lung

MAppFin, BCom

◆ **Executive Director and Chief Investment Officer** ◆ **Aged 46**
◆ **Appointed on 25th June 2024**

Qualifications and Education

- Master degree in Applied Finance, Monash University in Australia
- Bachelor degree in Commerce, University of Melbourne

Other Major Offices

- EcoCeres, Inc. – Co-Chairman
- Hong Kong RISC-V Alliance (HKRVA) Limited – Honorary President

Public Services

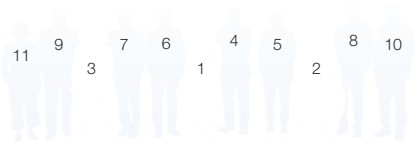
- 1st 光伏治沙專業委員會(Photovoltaic Sand Control Professional Committee) of the China National Sand Control and Desert Industry Society – Vice-chairman
- Hong Kong International Carbon Market Council (on which the Company is a Council member) of Core Climate Global Limited (a subsidiary of Hong Kong Exchanges and Clearing Limited) – Representative of the Company

Past Experience

Mr. Chan was an Independent Non-executive Director of China Harmony Auto Holding Limited*. He previously worked as an investment team head in private equity at China Merchants Securities (HK) Co., Limited, a vice president at CCB International Asset Management Limited and a research analyst at China Everbright Research Limited respectively.

* listed public company

Executive Management Members



1 **Mr. Peter Wong Wai-yee**
Managing Director

2 **Mr. Yeung Lui-ming**
Executive Director and Chief Financial Officer

3 **Mr. Chan Ying-lung**
Executive Director and Chief Investment Officer

4 **Mr. Lam Ming-wing**
Group Chief Human Resources Officer and Chief Strategy Officer (Mainland Gas Business)

5 **Mr. Yang Jun**
Chief Operating Officer – Extended Business

6 **Dr. John Qiu Jian-hang**
Chief Operating Officer – Renewable Business

7 **Mr. Zhou Heng-xiang**
Chief Operating Officer – Mainland Gas Business

8 **Mr. Sham Man-fai**
Chief Operating Officer – Green Fuels and Chemicals

9 **Mr. Don Cheng Hill-kwong**
Chief Operating Officer – HK Business

10 **Mr. Martin Kee Wai-ngai**
Chief Operating Officer – Water & Environmental Business and Head of Group Safety and Property Management

11 **Ms. Elsa Wong Lai-kin**
Chief Legal Officer & Company Secretary

Mr. Lam Ming-wing

MAppSc, FSOE, FIPlantE, MCIPHE, Chartered Safety & Health Professional

◆ **Group Chief Human Resources Officer and Chief Strategy Officer (Mainland Gas Business)** ◆ **Aged 65**

Qualifications and Education

- Fellow Member of the Society of Operations Engineers and the Institution of Plant Engineers, the United Kingdom
- Corporate member of the Chartered Institute of Plumbing & Heating Engineering
- Chartered Safety & Health Professional
- Qualified Senior Engineer and Senior Manager in PRC
- Mechanical Engineering, Hong Kong Polytechnic University
- Master's Degree in Applied Science, University of Western Sydney, Australia

Major Responsibilities Held with the Group

Mr. Lam was appointed as Group Chief Human Resources Officer and Chief Strategy Officer (Mainland Gas Business) in 2025. In addition to leading the Group's human resources function, overseeing the Group Human Resources Department, Group Training & Development Department, and Towngas Training Institute, Mr. Lam is also responsible for leading and driving the corporate strategy for the Mainland Gas Business. He manages several core functional departments, including human resources, administration, corporate governance, as well as technical and standards development.

Past Experience

Mr. Lam started working in The Hong Kong and China Gas Company Limited in 1979, having taken up various engineering positions. He later joined the Vocational Training Council focusing on professional training for the gas industry of Hong Kong and took part in the implementation of the Gas Safety Ordinance. He rejoined The Hong Kong and China Gas Company Limited in 1995 and took up general management positions in various large scale joint ventures and regional management in the Mainland Utility business. In 2019, Mr. Lam was appointed as Senior Vice President-Health, Safety & Environment for the Mainland Gas Business. In 2021, he took up the additional responsibility of Principal—Towngas Engineering Academy. In 2022, he was appointed as Head of Corporate Safety & Environment. In 2023, he was appointed as Head of Corporate Human Resources and Head of Corporate Safety & Environment. Mr. Lam was appointed as the Chief Human Resources Officer in 2024 and responsible for overseeing the Group's human resources and safety management functions.

Mr. Yang Jun

CEng, MIGEM, MBA, BSc (Eng)

◆ **Chief Operating Officer – Extended Business** ◆ **Aged 56**

Qualifications and Education

- Member of the Gas Transmission and Distribution Professional Committee of the Urban Gas Branch of China Civil Engineering Committee
- Senior Urban Gas Engineer
- Chartered Engineer and a member of the Institution of Gas Engineers & Managers of the United Kingdom
- Degree, Urban Gas Engineering from the Department of Thermal Energy Engineering, Tongji University
- MBA, University of Macau

Major Responsibilities Held with the Group

Mr. Yang was appointed as the Chief Operating Officer – Extended Business in 2023, and is responsible for driving the growth and overseeing the comprehensive operational management of the Group's extended business portfolio.

Past Experience

Mr. Yang joined Hong Kong & China Gas Investment Limited in 2004. He acted as the Director & General Manager of Zhongshan Hong Kong and China Gas from 2004 to 2010, during which time he had also assumed the position of Vice President – Towngas Bauhinia Promotion Office of HCIL. He was appointed as Group Senior Vice President – Customer Service of HCIL between 2010 and 2019. From 2019, he was the Group Senior Vice President – Extended Business of HCIL. Then he took the role of Executive Vice President – Extended Business in 2021.

Dr. John Qiu Jian-hang

CEng, MIGEM, DSc (Eng), MSc (Eng), BSc (Eng)

◆ **Chief Operating Officer – Renewable Business** ◆ **Aged 62**

Qualifications and Education

- Chartered Engineer of the Institution of Gas Engineers & Managers of the United Kingdom
- Bachelor's degree in engineering, Tsinghua University, PRC
- Master's degree in engineering, Tsinghua University, PRC
- Doctorate degree in Engineering from Heriot Watt University, the United Kingdom
- Completed the Executive Development Programme of the Wharton School, University of Pennsylvania.

Major Responsibilities Held with the Group

Dr. Qiu was appointed as the Chief Operating Officer – Renewable Business, as well as the Executive Director and the Chief Operating Officer – Renewable Business of Towngas Smart Energy Company Limited in 2021, leading the high potential business of renewable energy on the Chinese mainland.

Past Experience

Dr. Qiu joined The Hong Kong and China Gas Company Limited in 2003. He was appointed to various management roles in different business joint ventures on the Chinese mainland. These include positions of General Manager of both 馬鞍山港華燃氣有限公司 (Maanshan Hong Kong and China Gas Company Limited), a joint venture of the Company and 西安秦華天然氣有限公司 (now known as 西安秦華燃氣集團有限公司) (Xian Qinhua Gas Group Co., Ltd.), a joint venture of HKCQ, in 2003 and 2006 respectively. He successively served as Regional General Manager of the South China region in 2009, overseeing 16 joint ventures. In the same year, Dr. Qiu's role was expanded to Senior Vice President, Commercial & Industrial Marketing on top of managing the South China region. He was previously a supervisor of Foran Energy Group Co., Ltd. as well as the chairman of its Supervisory Board.

Mr. Zhou Heng-xiang

CEng, MIGEM, MBA

◆ **Chief Operating Officer – Mainland Gas Business** ◆ **Aged 54**

Qualifications and Education

- Senior Gas Engineer
- Chartered Engineer of the Institution of Gas Engineers & Managers of the United Kingdom
- Member of the Institution of Gas Engineers & Managers of the United Kingdom
- Bachelor's degree, Shanghai Jiao Tong University
- MBA, Shanghai University of Finance and Economics

Major Responsibilities Held with the Group

Mr. Zhou was appointed as Chief Operating Officer – Mainland Gas Business. In addition to lead the gas resources business and enhancing the Group's natural gas supply chain infrastructure, Mr. Zhou is also responsible for the regional & corporate operations management, engineering and manufacturing works, and driving market expansion and strategic development initiatives in the Mainland City Gas Business, ensuring the achievement of all business performance goals.

Past Experience

Mr. Zhou joined Towngas China Company Limited (now known as Towngas Smart Energy Company Limited) in 2002, was appointed as General Manager of Suzhou Towngas China Company Limited in 2004, and also acted as the General Manager for Greater Suzhou District in 2006. He was appointed as General Manager for Suzhou and Zhejiang District in 2015. He also took a role in the Group's Department of Strategic Development in 2019, where he led the strategic planning and was tasked with achieving the four major decarbonisation objectives.

He was appointed as the Executive Vice President and Vice President in 2021, and took charge of the gas business in Shanghai district, the gas resources centre and managed the operations work in the Mainland Utility business. He is experienced in regional operations, national energy policy rationalisation, strategic development positioning for groups, and coordination of gas resources. He was appointed as the Chief Operating Officer – Gas Resources in 2023, heading our gas resources segment and leading the team in the alignment and collaboration of gas resources businesses on the Chinese mainland and Hong Kong.

Mr. Sham Man-fai

MSc

◆ **Chief Operating Officer – Green Fuels and Chemicals** ◆ **Aged 65**

Qualifications and Education

- Diploma in Management Studies, Hong Kong Polytechnic University
- Master's degree in Energy and Environment, City University of Hong Kong

Major Responsibilities Held with the Group

Mr. Sham was appointed as the Chief Operating Officer – Green Fuels & Chemicals in 2024, leading the development of green fuels, chemicals and methanol markets.

Past Experience

Mr. Sham joined The Hong Kong and China Gas Company Limited in 1979, and served the company for more than 37 years. First assuming responsibilities in the Hong Kong city gas business, he was later transferred to ECO to focus on environmental strategy and development in 2013. Mr. Sham rejoined the company in 2021 and was responsible for the business of ECO and planned for the green transformation of the products. In 2024, Mr. Sham was responsible for the newly established green energy and chemicals business. It was during this period that Mr. Sham began to renovate the methanol production plant in Inner Mongolia for the production of green methanol and successfully developed the maritime fuel market.

Mr. Don Cheng Hill-kwong

CEng, F.E.I, MHKIE, MIGEM, M.Sc.

◆ **Chief Operating Officer – HK Business** ◆ **Aged 57**

Qualifications and Education

- Fellow Member of The Institution of Engineering and Technology, UK & The Hong Kong Institution of Engineers
- Fellow Member of Energy Institute, UK
- Member of the HKSAR District Fight Crime Committee (Southern District)
- Member of the Fire Services Department Dangerous Goods Standing Committee
- Director of the Association of Restaurant Managers
- Academic Advisor for the Engineering Department of the Hong Kong University of Science & Technology
- Academic Advisor for the Engineering Department of the City University of Hong Kong
- Fund Vetting Committee Member of the Hong Kong Productivity Council
- Vice Chairman (Energy and Power) of the Federation of Hong Kong Industries
- Bachelor's degree in Statistics, Queen's University, Canada
- Bachelor's degree in Engineering Chemistry, Queen's University, Canada
- Master's degree in Statistics, University of Calgary, Canada

Major Responsibilities Held with the Group

Mr. Cheng was appointed as the Chief Operating Officer – Hong Kong Business in 2024. He is now leading the whole Hong Kong business including Gas Production and Energy Business, Hydrogen Business, Gas Network, Customer Services, Commercial Support, Commercial and Industrial Marketing, Extended Business, Corporate Affairs and Government Relations and overseeing the Hong Kong Business Finance.

Past Experience

Mr. Cheng joined The Hong Kong and China Gas Company Limited in 1995 and assumed various managerial positions in customer service, product development and commercial & industrial marketing & sales departments. In 1996, Mr. Cheng began his involvement in the mainland business. In 2023, Mr. Cheng was appointed as the Head of Commercial – HK Utility, overseeing the marketing, sales and customer services functions in Hong Kong, strategising the development and planning of the green energy development and projects.

Mr. Martin Kee Wai-ngai

CEng, MIGEM, MBA, BSc (Eng)

◆ **Chief Operating Officer – Water & Environmental Business and Head of Group Safety and Property Management**

◆ **Aged 59**

Qualifications and Education

- Member of the 13th Hebei Committee of the Chinese People's Political Consultative Conference
- BSc Degree in Engineering, the University of Hong Kong
- Master of Business Administration degree, the University of Hong Kong
- Completed the study in Advanced Management Program, the Harvard Business School, the United States of America

Major Responsibilities Held with the Group

Mr. Kee was appointed as Chief Operating Officer – Water and Environmental Business and Head of Group Safety and Property Management in 2025. Mr. Kee will be responsible for strategic planning and operational management for the Group's water and environmental business in the Chinese Mainland. In addition, Mr. Kee is also be responsible for the safety and property management across all businesses of the Group, covering areas such as safety management, system compliance, fire safety, occupational health, security measures, and property operations.

Past Experience

Mr. Kee joined The Hong Kong and China Gas Company Limited in 1990. He was appointed as an Executive Director and the Chief Operating Officer – Gas Business of Towngas Smart Energy Company Limited (TSEL) in 2015 and 2017 respectively, Executive Vice President of Hong Kong & China Gas Investment Limited (HCIL) in 2012 and Hua Yan Water in 2017, leading the joint-venture operations and management in the Greater Eastern Region, managing and promoting the overall operation for Hua Yan Water and the environmental businesses, as well as the Engineering, Corporate Strategy and Investment, Human Resources and Administration, and the Strategic Planning functions for Mainland Utilities. Mr Kee was appointed as the Chief Operating Officer – Mainland Utilities in 2022 and was in charge of Mainland Utilities.

Ms. Elsa Wong Lai-kin

LLB, LLM, MCF, MSocSc, CFA

◆ **Chief Legal Officer & Company Secretary** ◆ **Aged 60**

Qualifications and Education

- Solicitor of the Supreme Court of Hong Kong
- Solicitor of the Supreme Court of England and Wales
- Chartered Financial Analyst (CFA) designation holder
- Bachelor's degree in Laws, The University of Hong Kong
- Master's degree in Laws, The University of Hong Kong
- Master of Corporate Finance, The Hong Kong Polytechnic University
- Master of Social Sciences in Psychology (Schools and Community Settings), The Education University of Hong Kong

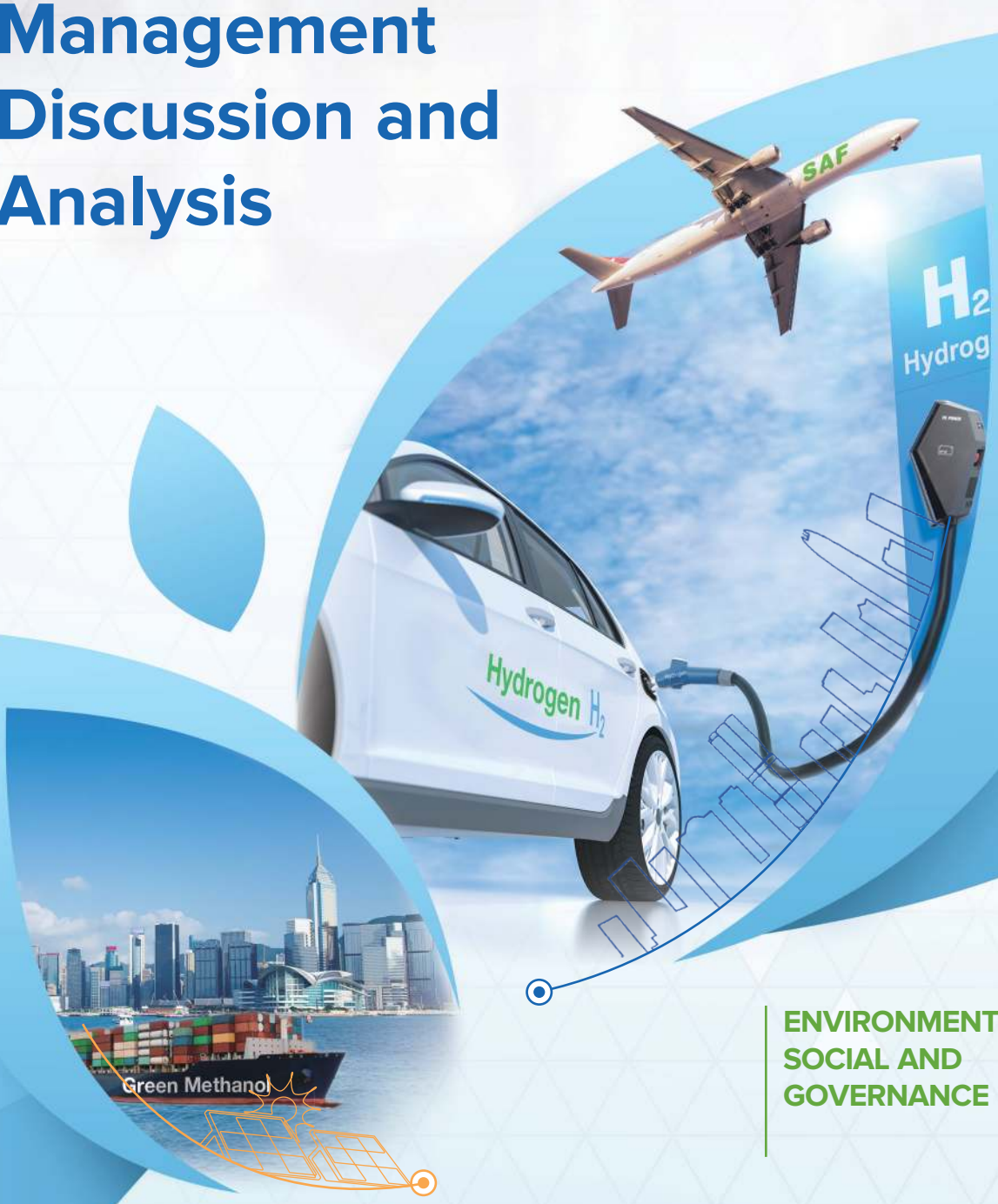
Major Responsibilities Held with the Group

Ms. Wong joined The Hong Kong and China Gas Company Limited in 2022. She serves as the Chief Legal Officer and Company Secretary, overseeing the Group Legal Department and Company Secretarial Department.

Past Experience

Ms. Wong has accumulated over 36 years of experience in the legal profession, primarily serving as corporate counsel and company secretary of companies listed on the Main Board of The Stock Exchange of Hong Kong Limited. Before joining the Company, Ms. Wong held positions in Henderson (China) Investment Company Limited, Alibaba.com Limited and PYI Corporation Limited (now named as Blue River Holdings Limited).

Management Discussion and Analysis



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

GROWTH BUSINESSES

- Renewable Energy
- Sustainable Aviation Fuel
- Green Methanol
- Hydrogen Energy
- Extended Businesses

UTILITY BUSINESSES

- Hong Kong Gas Business
- Mainland Gas Business
- Water and Environmental Businesses

Utility Businesses — Hong Kong Gas Business

In 2025, Hong Kong's economy showed signs of recovery, growing by 3.5%. The interest rate cut cycle stimulated investment, which, together with other favourable factors, improved external business sentiment. Building on a solid foundation, the Group explored new opportunities for its Hong Kong utility business by expanding into the hydrogen energy market and substantially increasing the use of technology in its daily operations.

Local residential gas sales volume recorded a year-on-year increase of 2.4%. This increase was attributable to frequent typhoons, cooler autumn weather, an increase in new customers and the growing demand for upgraded household products to enjoy a premium lifestyle during the year. In 2025, we acquired over 19,000 new customers in Hong Kong, bringing the total to 2.06 million.

Other factors included the opening of Hong Kong airport's third runway and the growing number of visitors under the "Southbound Travel for Guangdong Vehicles" arrangement, both of which had a beneficial effect on our commercial and industrial business segment. Tourism-related industries, such as the hotel industry, theme parks and commercial laundries, all contributed positively to gas sales volumes. Shifting consumption patterns among Hong Kong residents, however, continued to weigh on the local market, putting pressure on catering and retail businesses. This led to a decline in commercial and industrial gas sales by 2.6%, which partially offset the increase in residential gas sales volume. As a result, our total gas sales volume in Hong Kong recorded only a marginal increase of 0.1% in 2025.

A Wider Range of Reliable Gas Applications

As an important partner to the catering industry, the Group has focused on innovation and development so that catering businesses can improve their competitiveness and sustainable development.

Many catering brands from the Chinese mainland have expanded into the Hong Kong market in recent years, alongside the emergence of new food and beverage operators. Actively seizing this opportunity to support them, whose entry is stabilising our customer base, the Group has been offering them various energy management solutions and discounts on gas appliances. For industrial customers, the Group offers a fuel replacement programme. New customers for this programme during the year included an international dairy production plant and a large metal processing plant in Hong Kong. These customers contributed not only to our increased gas sales volume for 2025 but also to carbon reductions in Hong Kong.

The Group provides gas services to the new Kimpton Tsim Sha Tsui Hong Kong, opened in 2025, supporting its hot water system and kitchen operations.

To promote "green smart kitchens", the Group cooperated with large fast food brands to integrate Internet of Things ("IoT") technology into their kitchen equipment, such as gas appliances, to enhance energy efficiency. We also hosted the first Excellence in Green Appliance Competition Award (Steam Cabinet) design competition to encourage the development of high-efficiency, energy-saving kitchen equipment by manufacturers, with the aim of supporting sustainability in the catering industry. In future, we will continue to develop more innovative technological solutions to drive the green transition.

Gas sales volume related to the tourism industry returned to near pre-pandemic levels in 2025, as reflected in satisfactory hotel occupancy rates. This was driven by major sports and entertainment events held in Hong Kong during the year, which spurred the recovery of the tourism industry. For a hotel customer that opened in the fourth quarter of the year – Kimpton Tsim Sha Tsui Hong Kong – we provided gas for water heating and cooking. At Kai Tak Sports Park, which opened in the first quarter, we installed a gas hot-water dehumidification system in the Kai Tak Arena and supplied commercial appliances to restaurants in the Park and at Kai Tak Mall.

The Group installed a high-efficiency, energy-saving gas hot-water dehumidification system for the Kai Tak Arena at Kai Tak Sports Park and provided commercial kitchen gas solutions to several restaurants in the Park.

Hopewell Hotel in Wan Chai installed the Group's large-scale gas dehumidification system to effectively control room humidity and improve air quality, ensuring a comfortable stay for guests.

We also provided high-efficiency, energy-saving gas dehumidification systems for public hospitals in Hong Kong. During the year, the Group also installed this system for the operating theatre of Hong Kong Baptist Hospital, making it the first private hospital in Hong Kong to adopt this technology in its surgical facilities. The Chinese Medicine Hospital of Hong Kong in Tseung Kwan O also became a customer of the Group during the year. Another customer in the healthcare sector, the Hospital Authority, commissioned the Group to install gas services for the laundry and central food production facilities of its new Supporting Services Centre, which was completed and gradually commenced operation in 2025.

We also secured a gas supply contract from the Hospital Authority to provide recycled landfill biogas as a fuel for its combined cooling, heat and power generating system in the North District Hospital expansion project. This is part of our ongoing programme over the years of promoting the recovery and utilisation of biogas from landfills, converting it into energy.

Culinary Excellence: CulinArt 1862 and the Towngas Cooking Centre

With the recovery of Hong Kong's tourism industry in the second half of 2025, the Group's premium restaurant, CulinArt 1862, enjoyed a significant increase in patronage. We will continue to seize the opportunities presented by the improving market, developing more innovative menus and prioritising local, fresh and sustainable ingredients, which we expect will drive further revenue growth in the future.

In addition to continuing its series of signature cooking classes and parent-child workshops, the Group's Towngas Cooking Centre launched Italian cuisine courses in partnership with the Consulate General of Italy as well as youth cooking training programmes. We also held themed classes in collaboration with KamCha, time-honoured Hong Kong brands and the Women Chefs Association. These initiatives further consolidated the Centre's brand positioning of global cuisine paired with local tastes while promoting flame cooking.

Supporting the Northern Metropolis Development

To help accelerate the HKSAR Government's plans for the Northern Metropolis development, we have been investing in the area's gas infrastructure to ensure the early availability of a regional energy supply. The planned medium- and low-pressure pipeline works were progressively completed during the year to supply gas to early-stage customers, including the 3,000-bed teaching hospital at Ngau Tam Mei, ensuring a stable energy supply for daily life and industries in the new area.

As the Northern Metropolis gradually takes shape, the Group will continue to accelerate its gas infrastructure layout and promote regional green low-carbon development, thereby contributing to Hong Kong's progress towards a smart city and a sustainable future.

The Group's premium restaurant, CulinArt 1862, introduced an innovative menu that champions local, sustainable ingredients in 2025.

Ensuring a Safe Gas Supply for Hong Kong

In 2025, the Group strengthened its gas facilities inspection and maintenance regime to ensure a stable and reliable gas supply for customers. At the Tai Po Gas Production Plant, we continued our pipeline replacement programme for the downstream sections of the rich gas reactor tower. Following the progress made in the previous year, we also completed our pipeline replacement programme for four additional furnaces in 2025 and plan to replace the sections for the remaining two in 2026.

Naphtha is a primary feedstock for our production of synthetic gas (commonly known as "town gas"). During the year, we carried out inspections of the naphtha supply system, including the discharge terminals and submarine pipelines, to assess and schedule repairs and maintenance. The procurement and replacement of the naphtha discharge arm at the Tai Po Gas Production Plant was also underway during the year. The aim of all these measures is to ensure the long-term stability and reliability of the entire feedstock supply system.

To make certain all gas operations meet the industry's highest safety standards, the Group used advanced smart pipeline inspection technology and big data analysis to complete a safety assessment of its naphtha submarine pipelines and gas transmission pipelines. Following a "prevention first" safety approach, we will continue to introduce innovative technologies, including automated monitoring systems and artificial intelligence prediction models, to provide a safe, reliable and efficient gas supply for the people of Hong Kong.

Reliability

Uninterrupted gas supply^ (over 99.99%)

99.993%

In case of supply interruption on account of maintenance or engineering work: customer notification 3 days in advance

100%

Restoration of gas supply within 12 hours

100%

^ Unplanned gas supply interruption.

Safety

Emergency Team average arrival time (within 25 minutes)

Average

19.65 minutes

Appointments

Availability of maintenance and installation services within 2 working days

Average

1.08 days

Speed and Convenience

Customer Service Hotline (calls answered within 4 rings)

95.28%

Connect or disconnect gas supply within 1 working day (upon customer's request)

100%

Service Quality

Efficiency*

9.10/10

Courteous and friendly attitude*

9.07/10

* Our target was to exceed a score of 8.5.

Handling Suggestions

Acknowledgement reply within 3 working days

100%

Resolution, or a statement of when the matter will be resolved, within 2 weeks

100%

Applies to gas-related services only.

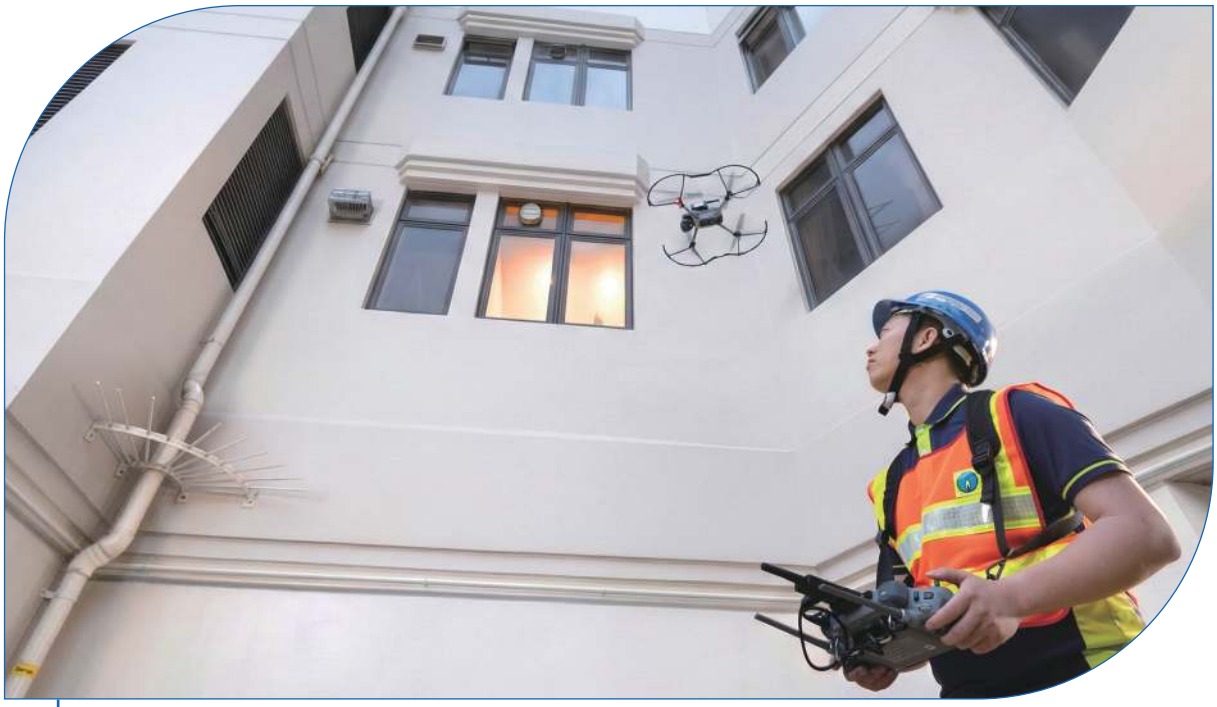
Advanced Technology for Safe and Reliable Daily Operations

The Group understands the importance of embracing the latest technology, deeply integrating artificial intelligence ("AI"), big data and automation into its operations to elevate safety, efficiency and customer experience.

In the engineering domain, the Tai Po Gas Production Plant successfully installed a battery monitoring system for over 1,000 uninterruptible power supply units in 2025. This smart upgrade has transitioned the plant from a traditional regular inspection mode to a real-time monitoring mode. Through the internal network and cloud platform, multiple critical data points (such as voltage, current, temperature and health status) are now monitored in real time to effectively reduce operational risks.

On the safety inspection front, in 2025, we introduced an efficient smart document review function that automates the inspection and audit process, delivering significant gains in digital transformation. We also piloted the use of drones for gas pipe inspections to improve efficiency and reduce the risk of employees working at heights.

In terms of customer service, the Group has actively introduced artificial intelligence (AI) and large language model technologies. Currently, the customer service hotline has fully implemented smart systems; over 60% of customer enquiries are completed through digital channels, with more than half of these customers opting for the self-service system to make maintenance appointments. Additionally, the Company is further using AI models to analyse customer needs, combining this with technologies such as robotic process automation ("RPA") to help employees respond quickly to various enquiries and customer requests. With these technologies, we have been able to deliver highly efficient and caring professional services.



The use of drones for gas pipe inspections effectively enhances operational efficiency while mitigating the risks of working at height.

Utility Businesses — Mainland Gas Business

The global economic downturn and ongoing adjustments in the Chinese mainland real estate market challenged our business during the year. Yet, the country's firm commitment to the green energy transition also presented new opportunities for the Group. In line with the policy of replacing bulk coal with natural gas and the policy calling for "quality homes" in the country's 15th Five-Year Plan, the Group promoted natural gas to industrial and commercial customers and introduced piped natural gas in older residential communities. As a result of these new growth drivers, the Group's mainland gas business achieved steady performance, while maintaining its reputation for safety and customer service.

City Gas

The Guiding Opinions on Energy Work for 2025, issued by the National Energy Administration, has proposed a green, low-carbon energy transition for the country. The focus of this policy is on clean natural gas, peak-shaving and reserve capacity, as well as reforms in the pricing and pipeline operation mechanisms, all of which align with the development direction of the Group.

Including contributions from the Group's subsidiary, Towngas Smart Energy (stock code: 1083.HK), the Group operated a total of 325 city-gas projects across 23 provincial regions on the Chinese mainland and acquired 1.78 million new customers in 2025. This brought the total number of customers to 44.27 million. The total gas sales volume of the Group for the year was 36.35 billion cubic metres, which remained largely on par with the corresponding period last year.

Successful Customer Cost Pass-Throughs

In 2025, in alignment with the country's policy to accelerate the establishment of a price linkage mechanism for residential customers of upstream and downstream natural gas, the Group completed the cost pass-throughs or confirmed cost pass-through arrangements for 90% of its residential customers. Cost pass-throughs for all commercial and industrial customers were fully completed during the year. The average dollar margin of city gas was RMB0.54 per cubic metre, representing an increase of RMB0.02 as compared with 2024.

"Gas+" Business

Over the past few years, the Group has been promoting the "Gas+" business as a new growth driver, based on a core strategy of providing high-quality integrated energy services to industrial and commercial customers. In 2025, the Group focused on energy trusteeship for public institutions and industrial equipment renewal in response to the country's policy of large-scale equipment renewal. Accordingly, we expanded our "Gas+" energy services and explored new areas such as light-asset-based energy trusteeship and industrial energy conservation. During the year, this business achieved an energy sales volume of 2.87 billion kWh (equivalent to approximately 290 million cubic metres of natural gas) and a natural gas sales volume of 210 million cubic metres. This underlined the effectiveness of deepening our presence in the existing market and developing integrated energy services under the "Gas+" model.

Coordinating Gas Resources

During the year, the Group achieved high-quality growth in its gas resources business by advancing its multi-gas source synergy and multi-channel operating model. In addition to this, we deepened the distribution of primary resources, optimised supply chain management and improved our risk control capabilities.

The Group further strengthened its strategic cooperation with PipeChina and major central state-owned oil companies. Through coordinated resource allocation across the gas sourcing supply chain, we reinforced gas supply security for our city-gas subsidiaries. At the same time, the Group took full advantage of our underground gas storage facilities in Eastern China to provide flexible gas storage, peak shaving and natural gas sales services to internal and external customers, thereby expanding our procurement and sales channels.

Yixing Hong Kong and China Gas implemented an integrated energy solution for Wuxi Rongbo that combines rare earth additives with natural gas technology. The project replaces the traditional propane-cutting process, supplies industrial gases such as liquid oxygen and liquid argon, and provides operation and maintenance services. For customers, this approach saves approximately RMB400,000 annually, achieves a comprehensive energy saving rate of 30%-40%, and supports the green, low-carbon transition of the high-end equipment manufacturing industry.

The Group and PetroChina signed an agreement to support the implementation of the national energy strategy, strengthening cooperation in areas such as resource coordination, market development, emergency supply assurance and energy innovation.

For gas procurement, the Group's headquarters negotiated the pricing and terms of medium- to long-term contracts with major national petroleum corporations. These contracts, based on a total volume of 15 billion cubic metres, were subsequently executed by our local subsidiaries. Together with direct sales from the Group's gas trading company and the internal reallocation of surplus gas among these subsidiaries, the Group's unified gas dispatch volume in 2025 amounted to 4.64 billion cubic metres, accounting for 13% of the total annual gas sales volume, thus saving procurement costs of RMB740 million.

Based on industry trends and market analysis, the Group expanded its upstream resource-supply footprint and explored coalbed methane and liquefied natural gas resources in regions such as Shaanxi Province and Shanxi Province. By optimising gas resource costs and allocation, we achieved simultaneous growth in business scale and efficiency.

During the year, the Group's gas resources business capitalised on the integrated operations between the Chinese mainland and Hong Kong. By making use of Hong Kong's role as an international trade centre, we optimised the management of international LNG resources through the local LNG trading platform, ensuring a flexible and diversified resource supply for the Group.

We also continued to enhance our infrastructure. During the year, the first two new gas wells for the second phase of our underground salt-cavern project in Jintan District, Changzhou City, Jiangsu Province, were commissioned. This increased our total storage capacity at Jintan to nearly 480 million cubic metres and enhanced the injection, extraction, transfer and emergency peak-shaving capabilities of this facility for major gas pipelines, including the West-to-East Gas Pipeline and the Sichuan-to-East Gas Pipeline. In 2025, the emergency peak-shaving, storage and distribution base (Phase I) in Weiyuan County, Sichuan Province, officially commenced operation. With this latter facility, it is now possible to supply gas to provinces such as Hubei and Jiangxi.

Our Jintan gas storage facility in Jiangsu Province uses underground salt caverns for gas storage, peak shaving, emergency supply and market-oriented transactions, creating a new energy ecosystem for the city-gas business.

Opportunities Arising from National Policies

The real estate market in the Chinese mainland is undergoing an adjustment period, which has had a certain impact on the Group's connection profit. However, urban renewal, the renovation of old communities, and the 15th Five-Year Plan outline's proposal to "build safe, comfortable, green, and smart 'quality homes' and implement housing quality enhancement projects" will inevitably involve the upgrading of infrastructure, including gas pipelines. This brings market opportunities for city-gas companies in areas such as pipeline network renovation and new user connections. Furthermore, as the country steadily advances the urbanisation process and explores business opportunities in old city renovation, coupled with the real estate market bottoming out and its expected high-quality rebound, favourable conditions are created for city-gas enterprises.

Low-Carbon Transition

The policies outlined in the 15th Five-Year Plan prioritise efforts to replace fossil fuels such as coal with clean and efficient energy alternatives. The Five-Year Plan also clearly defines what role natural gas should play in this energy transition, offering significant growth potential for city-gas businesses in fields such as industrial fuel and residential heating.

On the Chinese mainland, urbanisation and urban renewal will enable the Group to acquire new customers and increase connection rates.

To help meet national carbon reduction targets, the Group connected "green gas" (i.e. biomass natural gas) produced from domestic and agricultural waste to the city-gas network. This gas is blended with conventional natural gas, which not only reduces procurement costs but also helps to reduce carbon emissions. Currently, the Group has 11 related projects in provinces such as Jiangsu, Zhejiang, Shandong and Sichuan. In 2025, the volume of biomass natural gas added to the network reached 4.5 million cubic metres for a cumulative total of 34.5 million cubic metres.

The Group is currently participating in the further development of biomass natural gas and providing suggestions on developing low-carbon certification by the China Gas Association and the China Association for the Promotion of Industrial Development.

The Chinese mainland has also been providing strong support for the development of a hydrogen energy industry. During the year, the Group complied with all relevant national requirements and explored applications for hydrogen-natural gas blending. Multiple industrial applications have already been developed for hydrogen-natural gas blending in Zhangjiagang and Changzhou in Jiangsu Province, Baotou in the Inner Mongolia Autonomous Region, and other cities across the country.

Moreover, in Shandong Province, Weifang Hong Kong and China Gas's demonstration project for blending hydrogen into natural gas pipelines – the Bringing Hydrogen into Households project – completed all preparatory work towards a target of serving 100,000 residential customers.

Harnessing AI for Managing Safety and Asset Integrity

The Group has adopted AI technology to strengthen its safety management system and enhance asset integrity management. During the construction phase, the Group utilises a mobile engineering information cloud platform to achieve the digital management and delivery of gas projects. Coupled with a large AI model for gas construction quality control, the system automatically identifies critical operations, and analyses and reviews construction quality, thereby enhancing construction safety from the source.

The Group has also integrated AI smart diagnostic functions into its proprietary operational platform to monitor the operating status of key facilities, such as flow meters and pressure regulators, and to identify abnormal signals in advance. This represents a paradigm shift in safety management, from post-incident emergency response to proactive preventive maintenance, effectively reducing operational risks.

Drones are used to inspect riser pipes in residential areas, as this improves management efficiency and helps ensure community safety.

Utility Businesses — Water and Environmental Businesses

The Group's water and environment businesses continued to achieve satisfactory performance with profit growth during the year, providing a stable cash flow.

In 2025, the Group's water service volume reached 1.66 billion tonnes, a year-on-year increase of 0.6%, while solid waste treatment volume was 1.72 million tonnes, a growth of 7% year-on-year. The Group's two food waste processing plants, located in Suzhou and Tongling, recovered approximately 8,000 tonnes of used cooking oil (commonly known as "gutter oil") throughout the year. This oil was the primary feedstock for the production of sustainable aviation fuel ("SAF") by EcoCeres, Inc. ("EcoCeres"), a company incubated by the Group and in which it remains a strategic shareholder.

As carbon reduction requirements tighten in the global aviation industry, the demand for SAF has been growing rapidly, making the supply of used cooking oil a key element for the development of EcoCeres's SAF business. The Group will deepen its involvement in food waste treatment and related businesses, fully leveraging business synergies to drive the development of the SAF business. Meanwhile, during the year, the Group's food waste treatment plants produced nearly 10 million cubic metres of biomass natural gas, which was injected into the city-gas pipeline network, further enhancing the economic and environmental benefits of the city-gas projects.

Hua Yan Environment has integrated with EcoCeres's ecTrace full-process traceability system for used cooking oil. Through this digital platform, used cooking oil collection data from catering businesses is monitored in real time, achieving transparent closed-loop management from source to SAF production. This effectively converts urban waste resources into low-carbon aviation fuel, facilitating the sustainable development of the Group's environmental business.

Through operational optimisation and technological upgrades, the Group's subsidiaries reduced electricity consumption and maintenance costs by RMB24 million in 2025 – a year-on-year decrease of 5.7%. While striving to control costs, the Group actively created new profit growth drivers.

Capitalising on the brand influence of Hua Yan and its smart water management capabilities, the Group developed value-added services such as piped direct drinking water and community water stations. The Group also provided external professional technical services for water supply operation and management, such as non-revenue water (NRW) management, successfully securing cooperation projects in multiple regions of Jiangsu Province.

Seizing the opportunities presented by the national 15th Five-Year Plan's requirements for comprehensive water environment management, the Group innovatively developed an integrated "plant-network-river-lake" model. This approach extends its business chain from standalone sewage treatment to internal pipe maintenance for end users, urban river water quality monitoring, and flood prevention and drainage. This initiative not only generates new business revenue but also assists local governments in enhancing comprehensive urban governance efficiency, thereby winning full government recognition and unlocking broad potential for future business development.

Growth Businesses — Renewable Energy

The renewable energy industry on the Chinese mainland had to contend with periodic adjustments in 2025, including fluctuations in electricity prices and the introduction of market-oriented trading policies. Changes in the external environment also affected the Group's renewable energy business, leading to short-term volatility in performance. Nevertheless, the Group's integrated, low-carbon business model of combining "photovoltaics + energy storage + electricity sales" continued to gain traction and see wider implementation. As operational scale and core capabilities strengthen simultaneously, this model is becoming an important pillar of the Group's strategic upgrade.

As at the end of 2025, the Group's renewable energy business covered 25 provinces, autonomous regions and municipalities, serving a stable, high-quality customer base of more than 2,000 industrial customers. New installed capacity of distributed PV increased by 500 MW during the year, with cumulative grid-connected installed capacity reaching 2.8 GW. PV power generation rose 36% to 2.48 billion kWh. Commercial and industrial energy storage contracts amounted to 1.041 million kWh, and electricity sales volume reached 8.4 billion kWh. The carbon asset management and services business expanded steadily, further highlighting the unique competitive advantage made possible by the synergy of "gas-electricity-carbon".

In terms of policy and market opportunities, the 2025 Government Work Report clearly stated the goal to "develop of zero-carbon industrial parks and factories". The Consumption and Regulation of New Energy also set out directions such as "promoting the integration of source-grid-load-storage", which are highly aligned with the Group's business and consistent with the rollout of the 15th Five-Year Plan. Building on its high-quality portfolio of 128 zero-carbon smart industrial parks, the Group is contributing to the national dual carbon goals while achieving industry-leading economies of scale and cost advantages. This is further reinforced by greater synergies with the gas business segment through "gas-electricity complementarity, scenario sharing and customer linkage", further unlocking new market growth potential.

The Group provides integrated distributed photovoltaic power generation services for industrial customers. By deploying drones for AI-powered smart inspections, we are able to monitor equipment status and environmental risks with high efficiency, significantly reducing both safety risks and inspection costs.

To increase our ability to withstand risks and maintain our long-term competitiveness, the Group implemented two key initiatives.

Firstly, the Group further optimised its Energy as a Service ("EaaS") model. Centred on "a one-stop integrated energy solution and full-lifecycle professional operation", the Group integrated multiple services such as green power supply, energy efficiency management, power trading, and carbon asset operations. Through digital and intelligent scheduling and scaled operations, the Group assisted customers in optimising their energy consumption and achieving their low-carbon goals.

Secondly, the Group stepped up its digital and intelligent upgrades, collaborating with Tencent and Tsinghua University to develop an AI-powered smart energy management platform to achieve full-process intelligent management of "control, scheduling and trading" for zero-carbon industrial parks. Coupled with the use of drones and robots for AI-powered inspections and cleaning, this platform effectively reduces operational costs and safety risks, improving asset operational efficiency and quality, thereby continuously enhancing new quality productive forces.

To deepen its Assets under Management ("AuM") strategy, the Group brought in strategic investors to diversify investment risks and foster ecosystem cooperation. During the year, the Group launched a second and third tranche of its quasi-REITs, bringing cumulative AuM financing to RMB3.5 billion. This continuously broadened capital channels, optimised the Group's cash flow structure, and advanced its asset-light strategy, laying a solid foundation for future development.

At the Group's energy storage station in Anhui Province, wheeled robots carry out inspections autonomously 24 hours a day. Each robot has functions such as temperature monitoring, anomaly identification and automatic data reporting, which not only improve operation and maintenance efficiency but also reduce costs and operational risks.

The Group introduced an automated robotic cleaning system to ensure the efficient operation of equipment, which improves asset operational efficiency and quality while further controlling maintenance costs.

Growth Businesses – Sustainable Aviation Fuel

EcoCeres, a company incubated by the Group and in which it remains a strategic shareholder, has achieved remarkable success manufacturing SAF in 2025, underscoring its leadership in technology and internationalisation. By focusing on innovation and market expansion as core strategies, EcoCeres continued to consolidate its position as an industry leader.

Following the start of full-capacity operation at the Group's SAF plant in Zhangjiagang, Jiangsu Province, a new plant in Malaysia was commissioned in 2025. This marked the first overseas replication of EcoCeres's proprietary hydroprocessed esters and fatty acids ("HEFA") technology, validating the scalability and reliability of this technology. The opening of this new plant will more than double the total annual production capacity of renewable fuels, from 350,000 tonnes to 770,000 tonnes, consolidating EcoCeres's leading position in the SAF market.

The company also broadened its cooperation with a number of international airlines during the year, expanding its global market channels and reinforcing its brand influence. Most notably, these included a multi-year SAF supply agreement with British Airways, which is expected to help the airline reduce its lifecycle carbon emissions by approximately 400,000 tonnes – equivalent to the total emissions produced by 240,000 economy-class passengers taking return flights between London and New York.

EcoCeres, in alignment with the HKSAR Government's strategic priorities, has committed to advancing the development of an SAF industrial chain across the Guangdong-Hong Kong-Macao Greater Bay Area. This will position Hong Kong as a key contributor to the low-carbon transition currently underway. The SAR Government has also pledged to work with authorities on the Chinese mainland to promote SAF development in the Greater Bay Area, including feedstock collection, plant construction and large-scale production, supporting the requirement that flights departing Hong Kong International Airport must use a specified proportion of SAF by 2030.

EcoCeres's new plant in Malaysia commenced operations in October 2025. With strong support from the local government, this project is a key element in the low-carbon transition of the Asian aviation industry.

Growth Businesses — Green Methanol

The year 2025 was highly productive for the development of the Group's green methanol business. With the acceleration of the global energy transition, the Group has been collaborating with strategic partners to build a full integrated value chain. The Group expects to achieve an annual production capacity target of 500,000 tonnes by 2028. This will not only provide a stable supply for Asia but also ensure sustainable green fuel security to consolidate Hong Kong's position as an international shipping hub.

In its 2025 Policy Address, the HKSAR Government committed to developing Hong Kong as a green maritime fuel bunkering centre and clearly stated that the Government will support trading in green maritime fuel. It also pledged to assist the export of this fuel produced on the Chinese mainland. As green methanol is expected to become more widely accepted as an alternative maritime fuel in future, the Group agreed to partner with the Government's Transport and Logistics Bureau and others to promote Hong Kong as an international centre for green maritime fuel.

The green methanol produced at the Group's existing plant in Ordos, Inner Mongolia Autonomous Region, supplies major ports across Asia, thanks to its ISCC dual certification and stable production capacity.

To scale up production capacity, the Group established a joint venture – VENEX Holding Company Limited ("VENEX") – with Foran Energy Group Company Limited during the year and combined its plant in Inner Mongolia with the VENEX operation. This will bring annual production capacity up to 150,000 tonnes by 2026, with plans for a further increase to 300,000 tonnes by 2028.

Production capacity will be expanded further with the completion of a new plant in Foshan, Guangdong Province, by the end of 2027, with first phase capacity expected to reach 200,000 tonnes in 2028. By then, the combined annual production capacity of the two plants, one in the south and one in the north, will reach 500,000 tonnes.

Furthermore, VENEX signed a strategic cooperation agreement in October 2025 to supply green methanol with Veolia and SIPG Energy. Their aim is to jointly develop a comprehensive supply and distribution network and build an end-to-end green fuel supply ecosystem, from raw material collection to production and maritime bunkering. VENEX will also continue to seek opportunities to establish green methanol production bases across the Chinese mainland, including the Guangdong-Hong Kong-Macao Greater Bay Area and East China. Our long-term goal is to develop a stable supply chain with an annual production capacity of 1 million tonnes.

Partnering with industry leaders, the Group signed a strategic cooperation agreement with CIMC Enric to drive the application and adoption of new green methanol technologies, integrating their expertise in clean energy and maritime shipping. Additionally, the Group signed a cooperation framework agreement with Royal Vopak of the Netherlands to optimise resource allocation and strengthen collaboration in the construction of logistics, storage, and bunkering facilities.

In addition to receiving ISCC dual certification for four consecutive years, the Group's plant in Inner Mongolia became the first green methanol facility to receive a product carbon footprint verification statement from TÜV SÜD during the year. In early 2025, the Group conducted the first large-scale bunkering of domestically produced green methanol at the Port of Shanghai. In the second half of the year, we also began supplying large volumes of methanol to two major Singapore-based bunker suppliers – Global Energy and Golden Island. The Inner Mongolia plant also provided a stable supply of green methanol throughout the year for major Asian ports such as Shanghai, Ningbo, Dalian, Tianjin, Shenzhen and Singapore, establishing a green methanol maritime fuel supply chain that has already achieved initial scale. Through synergies in its own methanol operations, and supported by favourable policies from the HKSAR Government, the Group will provide sustainable fuel solutions to global partners, gradually reducing the industry's reliance on traditional fossil fuels. This will drive the shipping industry's low-carbon transition and promote a green, low-carbon industrial ecosystem for the overall transportation sector.

VENEX, a member of the Group, signed a strategic cooperation MOU with Veolia China and SIPG Energy to build a green methanol supply system covering raw material collection, production and bunkering, thus promoting the green transition of the shipping industry.

Growth Businesses — Hydrogen Energy

In the national 15th Five-Year Plan, hydrogen was designated as one of six future industries as the country moves towards a new era of green energy. In Hong Kong, the HKSAR Government announced plans in its 2025 Policy Address to develop a hydrogen standard certification, set up public hydrogen filling facilities on Hong Kong Island and in Kowloon, and undertake more hydrogen trial projects. The Group has always been committed to energy innovation, and its hydrogen business is a key strategy for moving towards a low-carbon future.

With a 3,700-kilometre low-carbon gas pipeline network across Hong Kong, the Group has a unique advantage integrating hydrogen into its existing energy system. This well-established, robust infrastructure not only ensures supply reliability but also underscores the Group's proven expertise in safety management, operation and maintenance, as well as technology integration.

Beyond mere supply, the Group's hydrogen energy strategy encompasses various application scenarios, standards setting, technology research and development, and cross-sector collaboration. The ultimate goal is to build a complete hydrogen energy ecosystem that keeps Hong Kong at the forefront of the global energy transition. Hydrogen energy has a wide range of application scenarios, and net-zero power generation has become a key strategic focus for the Group.

The Group signed a cooperation agreement with the Hong Kong Science and Technology Parks Corporation to construct Hong Kong's first public automatic hydrogen-powered charging system for electric vehicles.

The Group launched Hong Kong's first integrated hydrogen power generator, which debuted at the multi-sports event 15th National Games, to supply green electricity to golf venue facilities, demonstrating the huge potential of hydrogen energy in temporary power supply scenarios. The Group is also undertaking trial projects of hydrogen power generation at construction sites as an especially promising application. Unlike traditional diesel generators, hydrogen power generation produces only water, with zero emissions, zero odours and low noise, offering a cleaner and more efficient energy option for the construction industry. The Group will continue to promote government-approved hydrogen fuel technology pilot projects, including extracting hydrogen from the existing town gas network to generate electricity for site offices at a construction project in Shau Kei Wan.

With the Hong Kong Science and Technology Parks Corporation, the Group signed a cooperation agreement during the year to construct Hong Kong's first public automatic hydrogen-powered charging system for electric vehicles. In addition to this government-approved pilot project, we will carry out another pilot project at North Point Headquarters of the Group, using hydrogen-generated electricity to charge electric vehicles.

Looking ahead, the Group will continue to promote innovative hydrogen energy applications. By capitalising on the advantages of its existing pipeline network and engaging in cross-sector cooperation, the Group will build a safe, smart energy ecosystem in support of Hong Kong's journey towards becoming a green, carbon-neutral city.

Growth Businesses — Extended Businesses

In 2025, the Group's subsidiary, Towngas Lifestyle, completed its first round of strategic financing and officially launched its Extended Business 2.0 strategy. Under this service-driven household lifestyle manager model, Towngas Lifestyle is replicating its successful consumer experience in cities such as Hong Kong, Yixing, and Hangzhou nationwide. By upgrading its products, services and technologies, Towngas Lifestyle has achieved rapid growth and transformed into a lifestyle platform serving 46 million users across Hong Kong and the Chinese mainland.

Top-Quality White Goods

In Hong Kong, the smart kitchen segment enriched its product portfolio by launching smart interconnected appliances and premium white goods, marking a significant transformation in the market strategy of the extended business. During the year, the Group built its own brand by integrating the "scenario + platform + service" concept. It introduced a one-stop solution encompassing kitchens, bathrooms, and living rooms, bundling gas appliances with household appliances to provide customers with comprehensive home living solutions.

To capture the demand created by new public housing projects, the Group introduced streamlined renovation packages and bespoke furniture services, including floor installation, wall painting, and the design and installation of wardrobes and storage cabinets. Along with home and gas appliance packages, these offerings enhance home living through practical yet personalised solutions. The Group benefits from its large customer base, a strong reputation in the market, and sales channel advantages, which include 19 self-operated customer centres, outdoor customer service teams, distribution contractors and developer partners. These advantages provide a solid foundation for driving white goods sales. By mining our existing customer base and continuously expanding our sales channels, we are well positioned to increase profitability.

To enhance home safety, our smart meters installed in the homes of elderly residents can monitor gas usage in real time and send an alert to carers if any abnormalities are detected. This initiative has been piloted in selected regions and well received by users. To extend our proactive care approach even further, we have also launched a smart remote flame-extinguishing device.

The Group's subsidiary, Towngas Lifestyle, launched its own brand of high-quality home appliances to further strengthen its smart home footprint, allowing customers to enjoy a safer and more efficient lifestyle.

Capitalising on the "Trade-in" Market

In the Chinese mainland market, our smart kitchen business capitalised on national subsidy policies to strengthen its position in the existing trade-in market. By focusing on product upgrades and the expansion of sales channels, we achieved more conversions and improved user satisfaction.

In terms of product innovation as well as research and development, the Towngas Bauhinia Encounter series won the Yunding Award – 2025 Aesthetic Design Trend Product Award. In addition, the business introduced multiple co-branded products with well-known industry brands such as Noritz, Angel, and Robam. To expand its sales channels, we proactively explored user needs while carrying out specialised hazard rectification services, thereby effectively increasing user reach. On the operational front, it established a nurturing system for "benchmark and high-potential enterprises" and implemented a mechanism to align standards and boost efficiency. By utilising the Group's big data and shared resources to allocate resources precisely to core high-potential cities, sales from trade-in programmes recorded an 18% year-on-year increase.

Accelerated Optimisation of Insurance Business

Through our subsidiary TN Insurance Consultants Limited in Hong Kong, we act as an upstream provider to related businesses across the Group, enabling us to secure more favourable insurance terms. In 2025, the mainland insurance business strengthened its online operations and product structure, which contributed to stable high-quality growth. Through system integration and process reengineering, over 90% of business data was migrated online, laying a solid digital foundation for refined management and compliance control.

In terms of product development, the Group continues to optimise the product structure. The proportion of gas-related household property insurance policies increased by nearly 18% in 2025, with steady growth in the average premium per policy. Additionally, we explored an innovative new "insurance + service" model, which we marketed via the internet, and strengthened our professional training systems and in-home service capabilities to increase our bargaining power with insurance companies, thereby building a sustainable competitive advantage.

Towngas Bauhinia, established 20 years ago, uses innovative technology to design upgraded products. In 2025, the Encounter series of smart appliances was introduced, offering customers a more sophisticated premium cooking experience.

Home Safety AIoT Platform Gathers Momentum

During the year, Towngas Lifestyle continued to refine its "product + platform + service" one-stop home safety solutions, building an IoT smart alarm product ecosystem that covers all scenarios and the full value chain. Centred on multi-dimensional protection and precise early warning, this ecosystem encompasses foundational products such as gas, smoke, and carbon monoxide alarms. Furthermore, it has expanded into the smart fire protection series, relying on the AIoT platform to achieve smart monitoring and proactive alerts. By the end of 2025, the alarm monitoring platform had been adopted by over 70 enterprises, with revenue from home safety solutions recording a 10% year-on-year growth.

Recognition for Digital and Intelligent Innovation

In 2025, Towngas Lifestyle continued to strengthen its focus on building digital and intelligent capabilities. By introducing technologies such as AI, big data analytics, and the Internet of Things, it has continuously innovated and upgraded its digital tools, products and services. In August, the Towngas Lifestyle Cloud Platform was selected among the 2025 Top Ten Excellent Smart Gas Application Cases released by the China Gas Association. At the same time, it comprehensively developed its AIoT platform ecosystem capabilities, with over 6 million connected devices. It also established a series of AI-powered applications such as gas safety inspections and smart customer service.

In addition, the Group's big data analytics platform, Towngas Analytics Platform ("TAP"), currently supports data applications across the extended business segment and more than 70 subsidiaries of the Group. It has also successfully expanded to Hong Kong, achieving unified big data operations across both regions. Furthermore, the TGSE Chip solution, jointly developed by Towngas Lifestyle and StarFive, reached a cumulative shipment volume of nearly six million units by the end of 2025, and has won the prestigious China Chip award for three consecutive years.

Towngas Lifestyle uses AI to analyse equipment data and maintenance cases, resulting in faster fault diagnoses, optimal solution matching, and improved fault prediction, thereby comprehensively enhancing service efficiency and reliability.

Environmental, Social and Governance

The Group consistently integrates Environment, Social and Governance ("ESG") concepts into its core strategy to promote the low-carbon transformation of its energy system through green production. Innovative technology and digital management has improved the Group's operational efficiency and customer service quality, while creating sustainable long-term value for employees, communities and stakeholders.

ESG Rating Upgraded to the Highest Level

In 2025, the Group achieved its established target of a 10% reduction in greenhouse gas emissions from its operations as compared with the 2020 baseline year. By promoting clean energy solutions, the Group is able to reduce greenhouse gas emissions by 10 million tonnes annually. The Group's ESG performance once again received high recognition. In 2025, HKCG was upgraded to the highest rating level, "AAA", in the Hang Seng Corporate Sustainability Index, ranking first among public utility enterprises in Hong Kong. Its MSCI ESG rating was also upgraded from "A" to "AA". These upgrades are a strong endorsement by the international rating agencies of the Group's sustainable development strategy and governance.

Championing Low-Carbon Initiatives Through Diverse Practices

The Group addresses climate change and ecological conservation through diverse low-carbon initiatives, working collaboratively to build a sustainable environment.

The Group partnered with the environmental protection organisation The Green Earth to organise the Plantation Enrichment Programme. In this programme, nearly 60 employees and public volunteers participated in planting native tree seedlings at Tai Lam Country Park to stabilise the regional ecosystem. Since 2017, a total of 3,000 seedlings of over 30 species have been planted.

To promote low-carbon concepts, the Group launched the Saving Energy, Going All Green low-carbon environmental initiative. This campaign is centred on four main themes: Towngas Greening Day, Earth Hour, Low-Carbon Living Experts, and Creative Uses of Coffee Grounds. Subsidiaries of the Group participated by collaborating with local communities to organise activities such as tree planting, botanical printing and coffee ground recycling to spread the concept of resource circularity towards a green ecosystem.

TERA-Award Competition Moving Towards Internationalisation

The 4th TERA-Award Smart Energy Innovation Competition was held at King's College, University of Cambridge, in July 2025. For the first time, the event was held outside Hong Kong, attracting 785 projects from 76 countries and regions. Both

The 4th TERA-Award Competition series was held in Cambridge, United Kingdom, further establishing the event as an important bridge connecting energy technology with global markets.

the number of applications and international participants reached a record high, marking a new stage of internationalisation for the competition.

The event brought together leaders, investors and scientists in the energy sector to build a cooperative platform connecting innovative technologies with industrial resources. The Group has been investing in and incubating energy projects that take new energy technology from concept to industrial application.

Volunteering in the Community with Care and Compassion

Guided by a long-term commitment to community development and sustainability, we combine our professional capabilities with humanistic care and work alongside community partners to deliver meaningful change through technological innovation, volunteer services and educational support.

Gas Guardian Care Network

The Group partnered with the Hong Kong Federation of Trade Unions to launch the Gas Guardian Care Network programme, Using smart gas meters, the programme monitors the daily gas usage habits of high-risk grassroots elderly. If a meter reading shows no change over two consecutive days – indicating unusual activity such as a lack of cooking or water heater use, the system automatically alerts the elderly person and their carers via SMS, thereby enhancing the safety and security of the elderly ageing in place.

Towngas Green Flame Energy Scientist Programme

Since 2023, the Towngas Green Flame Energy Scientist Programme has been helping students learn about clean energy and nature conservation through on-campus talks, school sponsorships and corporate visits. During the summer holiday, we partnered with the local original character B.Duck to organise our first Towngas Green Flame STEAM Master Summer Camp, which focused on four possible career paths – engineer, scientist, inventor and ecologist. The four-day summer camp featured interactive talks, DIY workshops, site visits and games, as well as industry experts who shared real-life cases to spark students' interest in STEAM (Science, Technology, Engineering, Arts and Mathematics) fields.

Chef Anchor 3.0 Cognitive Training

Since 2017, the Group has been working with the Hong Kong Sheng Kung Hui on the Chef Anchor programme, which follows the Procedural Learning Method of simplified recipes to help the elderly engage in cognitive training while cooking meals. The upgraded Chef Anchor 3.0 programme launched this year incorporates DementiAbility Methods™, enabling elderly people with cognitive impairments to feel a greater sense of participation and independence while enjoying the pleasures of cooking.

Gentle Breeze Movement

In 2025, the Gentle Breeze Movement reached the Changting County Experimental Primary School in Fujian Province. As part of this initiative, the Group donated desks, chairs, drones and sports equipment, which helped to improve school conditions through tangible action. Since 2013, the Gentle Breeze Movement has cumulatively donated over RMB5.5 million, benefitting 53 schools across the country.

Chef Anchor 3.0 organised competitions that combine the Procedural Learning Method with cooking, which helps the elderly with cognitive impairments slow the progression of their condition and improve their independence in daily life.

Risk Factors

The following outlines the major risks and uncertainties faced by the Group. For further details on how the Group manages its risks, please refer to the "Risk Management and Internal Control" section of our Corporate Governance Report on pages 103 to 105.

Economic Environment

According to the International Monetary Fund ("IMF")'s "World Economic Outlook" published in January 2026, global economy continued to show resilience, with an estimated economic growth rate of 3.3% in 2025, similar to the expected growth in 2026. Factors including surging investment in Artificial Intelligence ("AI") and broadly accommodative global financial conditions have favourable impact on global economic growth. On the other side, trade frictions could further exacerbate and geopolitical tensions could erupt, contributing to the uncertainty in global economic growth.

The Federal Reserve ("the Fed") lowered interest rates by 75 basis points in 2025, and stated that the economic outlook is uncertain and the Fed is attentive to the risks to achieving its employment and inflation goals. The "dot plot" published by the Fed in December 2025 indicates that the Fed might cut rates further by 25 basis points in 2026. However, the future rate path remains quite uncertain, and will depend on development in US labour market and inflation.

According to preliminary estimates by the National Bureau of Statistics, the Chinese mainland's gross domestic product recorded a year-on-year growth of 5.0% in 2025, similar to the growth in 2024. The Chinese mainland's consumer price index for 2025 remained flat compared with the previous year, while it increased by 0.8% year-on-year in December 2025. The Chinese mainland's Purchasing Managers' Index for the manufacturing sector fluctuated narrowly around the 50% expansion-contraction threshold, similar with previous year. In December 2025, the annual Central Economic Work Conference highlighted that there are still long-standing and new challenges in China's economic development, and the impact of changes in the external environment has deepened. Imbalance between strong supply and weak demand in the Chinese mainland has become more evident. During the year, the Chinese mainland supported economic development through a series of policies, including lowering the reserve requirement ratio for financial institutions, reducing policy interest rates, ratcheting up efforts to further reverse the downturn of and stabilise the real estate market and boosting consumption. The key tasks of the Chinese mainland's economic work for 2026 include special initiatives boosting consumption and building a strong domestic market; insisting on a comprehensive green transformation with carbon emissions peaking and carbon neutrality as the goals, by further advancing energy conservation and carbon reduction in key industries, moving faster to develop a new type of energy system, and expanding the application of green electricity; focusing on stabilising the real estate market and steadily advancing the construction of "quality homes".

Hong Kong's economy continues to grow solidly. Real GDP recorded a year-on-year growth of 3.5% in 2025, while the growth was 2.6% in 2024. The consumer price inflation stayed modest. For 2025, the underlying composite consumer price index recorded an annual increase of 1.1%, same as the preceding year. Visitor arrivals to Hong Kong continued to recover, reaching 49.9 million in 2025, a 12.1% increase compared to 2024 and 76.6% of 2018 (pre-pandemic).

The HKSAR Government stated that, looking ahead to next year, Hong Kong's economy is expected to maintain positive momentum. While the market generally expects the global economy to maintain a moderate, albeit slower, expansion, the Chinese mainland and Asia as a whole will remain major growth engines, providing important support to Hong Kong's economy. In addition, expectations of interest rate cuts across major markets will likely boost business and investment sentiment.

Policy Changes, Business Competition and Challenges

With respect to the Group's Hong Kong gas business, the shifting consumption patterns among Hong Kong residents continued to weigh on the local market, putting pressure on catering and retail businesses. The Group has actively seized various opportunities to continuously broaden gas applications. In the catering industry, the Group has been offering various energy management solutions and discounts on gas appliances to catering brands from the Chinese mainland which have expanded into the Hong Kong market and newly emerging food and beverage operators. This helps stabilise the Group's customer base in the catering industry. For industrial customers, the Group offers a fuel replacement programme, which has not only contributed to increased gas sales volume, but also to carbon reductions in Hong Kong.

Gas sales volume related to the tourism industry returned to near pre-pandemic levels in 2025, as reflected in satisfactory hotel occupancy rates. This was driven by major sports and entertainment events held in Hong Kong during the year, which spurred the recovery of the tourism industry.

In terms of public services, the Group provided high-efficiency, energy-saving gas dehumidification systems for public hospitals in Hong Kong. During the year, the Group installed this system for the operating theatre of Hong Kong Baptist Hospital, while the Chinese Medicine Hospital of Hong Kong in Tseung Kwan O also became a customer of the Group. In addition, the Group was commissioned to install gas services for laundry and central food production facilities of the Hospital Authority's new Supporting Services Centre. Meanwhile, the Group secured a gas supply contract from the Hospital Authority to provide recycled landfill biogas as a fuel for its combined cooling, heat and power generating system in the North District Hospital expansion project.

To help accelerate the HKSAR Government's plans for the Northern Metropolis development, the Group has been investing in the area's gas infrastructure. The planned medium- and low-pressure pipeline works were progressively completed during the year to supply gas to early-stage customers. ensuring a stable energy supply for daily life and industries in the new area.

The Hong Kong Construction Industry Security of Payment Ordinance came into effect on 28 August 2025. In response to the Ordinance, the Group has formulated relevant internal guidelines and provided training to staff to standardise processes relating to variation orders, procurement and payments. In addition, specific provisions have been incorporated into newly executed construction contracts to strengthen contract management and control.

With respect to the Group's mainland gas business, the global economic downturn and ongoing adjustments in the Chinese mainland real estate market challenged the business during the year. Yet, the country's firm commitment to the green energy transition also presented new opportunities for the Group. In line with the policy of replacing bulk coal with natural gas and the policy calling for "quality homes" in the country's 15th Five-Year Plan, the Group promoted natural gas to industrial and commercial customers and introduced piped natural gas in older residential communities, so as to explore growth drivers in the existing market.

Over the past few years, the Group has been promoting the "Gas+" business as a new growth driver, based on a core strategy of providing high-quality integrated energy services to industrial and commercial customers.

In 2025, the renewable energy industry on the Chinese mainland had to contend with periodic adjustments, including fluctuations in electricity prices and the introduction of market-oriented trading policies. Changes in the external environment also affected the Group's renewable energy business, leading to short-term volatility in performance. Nevertheless, the Group's integrated, low-carbon business model of combining "photovoltaics + energy storage + electricity sales" continued to gain traction and see wider implementation. As operational scale and core capabilities strengthen simultaneously, this model is becoming an important pillar of the Group's strategic upgrade.

To increase our ability to withstand risks and maintain our long-term competitiveness, the Group's renewable energy business implemented two key initiatives. Firstly, the Group further optimised its Energy as a Service ("EaaS") model. Centred on "a one-stop integrated energy solution and full-lifecycle professional operation", the Group integrated multiple services such as green power supply, energy efficiency management, power trading, and carbon asset operations. Through digital and intelligent scheduling and scaled operations, the Group assisted customers in optimising their energy consumption and achieving their low-carbon goals. Secondly, the Group stepped up its digital and intelligent upgrades, collaborating with Tencent and Tsinghua University to develop an AI-powered smart energy management platform to achieve full-process intelligent management of "control, scheduling and trading" for zero-carbon industrial parks. Coupled with the use of drones and robots for AI-powered inspections and cleaning, this platform effectively reduces operational costs and safety risks, improving asset operational efficiency and quality, thereby continuously enhancing new quality productive forces.

Meanwhile, to deepen its Assets under Management ("AuM") strategy, the Group brought in strategic investors to diversify investment risks and foster ecosystem cooperation. During the year, the Group launched a second and third tranche of its quasi-REITs, bringing cumulative AuM financing to RMB3.5 billion. This continuously broadened capital channels, optimised the Group's cash flow structure, and advanced its asset-light strategy, laying a solid foundation for future development.

EcoCeres, Inc., in which the Group holds shares, converts biomass waste into a wide range of renewable fuels and chemicals. EcoCeres has commercial production capabilities for sustainable aviation fuel ("SAF"), hydrotreated vegetable oil ("HVO") and bio-naphtha. In the first half of 2025, it successfully entered into a long-term SAF supply agreement with British Airways, continuing to expand its presence in the global market. At the same time, EcoCeres actively supports the key initiatives outlined in the 2025 Policy Address of Hong Kong Chief Executive regarding the development of a SAF industry chain in the Greater Bay Area.

The Group's green methanol production plant located in the Inner Mongolia Autonomous Region has obtained both the ISCC EU and ISCC PLUS international sustainability certifications for four consecutive years, fully demonstrating the global compliance and sustainability of the Group's green methanol production system. During the year, it further became the first green methanol project in Asia to earn the TÜV SÜD carbon footprint certification. While this certification has further enhanced the Group's sustainable competitiveness in the international market, it also implies the need for the Group to continue investing resources to ensure transparency and compliance of carbon emissions data, and to mitigate potential risks arising from changes in certification standards or the tightening of regulatory requirements.

In the national 15th Five-Year Plan, hydrogen was designated as one of six future industries as the country moves towards a new era of green energy. The Group has always been committed to energy innovation, and its hydrogen business is a key strategy for moving towards a low-carbon future. The Group launched Hong Kong's first integrated hydrogen power generator, which debuted at a multi-sports event. The Group is also undertaking trial projects of hydrogen power generation at construction sites. In addition, the Group signed a cooperation agreement with the Hong Kong Science and Technology Parks Corporation to construct government-approved Hong Kong's first public automatic hydrogen-powered charging system for electric vehicles. The Group will also carry out the pilot project at North Point Headquarter of the Group, using hydrogen-generated electricity to charge electric vehicles.

With respect to the Group's extended businesses, the Group's smart kitchen business capitalised on national subsidy policies on the Chinese mainland to strengthen its position in the existing trade-in market. By focusing on product upgrades and the expansion of sales channels, the Group achieved more conversions and improved user satisfaction.

The Group continues to promote AI enablement and digital transformation. During the year, an AI Enablement Committee was established to coordinate AI-related initiatives and business process optimisation across different business segments. At the same time, the Group has formulated policies governing the development and use of AI to ensure that AI development and applications comply with the Group's information security and other relevant requirements. In addition, the Group provides AI-related training to employees to enhance their awareness and capabilities in applying AI technologies, thereby promoting the wider adoption of AI across various business operations.

Geopolitical Tensions and Military Conflicts

The complex and volatile international political and economic situation and the ongoing geopolitical tensions (including the recent military conflict in the Middle East region) have brought about uncertainties in global energy supply and climate policies, resulting in substantial volatility of the price of gas feedstocks, which may have an adverse impact on the Group's financial condition and operating results. However, in view of the diversified sources of gas feedstocks and certain long-term contracts which have been entered into to secure supply at pre-determined prices, the management expects that the short-term impact of the tight energy supply will be limited to the Group. Meanwhile, the management will continue to closely monitor the development at the Middle East region and its associated risks and uncertainties, and assess their impact on the Group's operations and financial performance.

Reliability of Gas Supply

The Group secures multiple sources of feedstock for the production of town gas in our Hong Kong operations. These include delivering natural gas from Australia to LNG receiving terminal in Shenzhen via LNG tankers, and then transmitted to the Tai Po Gas Production Plant, naphtha imported from places such as Southeast Asia and Australia, and treated landfill gas obtained from our landfill project sites in Hong Kong.

A major risk of interruption to our feedstock supply for natural gas includes the possibility of adverse weather delaying LNG tankers. The Group has addressed this risk under our diversified production strategy, in which the Tai Po Gas Production Plant can switch between natural gas and naphtha for feedstock to produce town gas.

On the Chinese mainland, the Group further strengthened its strategic cooperation with PipeChina and major central state-owned oil companies. Through coordinated resource allocation across the gas sourcing supply chain, the Group reinforced gas supply security for the Group's city-gas subsidiaries. At the same time, the Group took full advantage of its underground gas storage facilities in Eastern China to provide flexible gas storage, peak shaving and natural gas sales services to internal and external customers, thereby expanding the Group's procurement and sales channels. Meanwhile, a variety of energy sources have also been obtained, including unconventional piped natural gas on the Chinese mainland and gas obtained through the reinforcement of our pipeline network interconnections.

To ensure reliable gas transportation, the Group has a sophisticated Supervisory Control and Data Acquisition ("SCADA") system to effectively monitor and control our pressure-regulating stations and network. The Group also has a comprehensive staff training programme, asset management systems, and contingency plans with regular practice drills, in preparation for unforeseen events that might affect our customers and the public.

Production and Network Safety

Preventing gas leakages or explosions in the Group's production and storage facilities, and gas transportation networks is a top priority for the Group. Risks include the possibility of damage to critical facilities or related infrastructure from a third party, a security threat or extreme weather events such as typhoons, floods or landslides, and other factors affecting the safety of the Group's infrastructure or causing an interruption to service which would have a significant legal, financial and/or reputational impact on the Group. Therefore, to mitigate these risks, the Group conducts regular reviews of all operating procedures, implements targeted strategies for addressing them, and proactively enhances on-site safety inspections.

During the year, the Group strengthened its gas facilities inspection and maintenance regime to ensure a stable and reliable gas supply for customers. To make certain all gas operations meet the industry's highest safety standards, the Group used advanced smart pipeline inspection technology and big data analysis to complete a safety assessment of its naphtha submarine pipelines and gas transmission pipelines.

In addition, the Tai Po Gas Production Plant successfully installed a battery monitoring system for over 1,000 uninterruptible power supply units in 2025. This smart upgrade has transitioned the plant from a traditional regular inspection mode to a real-time monitoring mode. Through the internal network and cloud platform, multiple critical data points are now monitored in real time to effectively reduce operational risks. The Group's Hong Kong gas business also introduced an efficient smart document review function that automates the inspection and audit process during the year. At the same time, the Group piloted the use of drones for gas pipe inspections to improve efficiency and reduce the risk of employees working at heights.

The Group also continued its pipeline replacement programme for the downstream sections of the rich gas reactor tower at the Tai Po Gas Production Plant. Following the progress made in the previous year, the Group also completed its pipeline replacement programme for four additional furnaces in 2025 and plan to replace the sections for the remaining two in 2026.

Through the enhancement of surveillance equipment, the establishment of smart alarm systems, and the deployment of electronic fencing and other layered security measures, the Group's water and environmental businesses have effectively addressed security threats. Furthermore, by proactively coordinating with relevant government departments, the Group has strengthened the protection of water sources through measures such as the installation of online water quality monitoring instruments, regular patrols of water source areas, and routine sampling and testing, thereby comprehensively safeguarding water quality.

The Group has also implemented various climate resilience measures, including enhancing flood prevention facilities and introducing ultrasonic technology for pipeline inspections, and formulating emergency response plans for extreme weather events with regular drills, in order to ensure a safe and reliable gas and water supply.

To proactively prevent potential safety hazards, the Group's renewable energy business leverages AI agents for safety management. Through Internet of Things ("IoT") monitoring points and high-definition cameras, it enables reliable early warnings for risks such as fires and equipment abnormalities.

The Group also maintains insurance coverage against any property damage or financial loss.

Financial Liquidity

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping adequate free cash and credit lines available. For example, the Group's renewable energy business successfully raised funds of RMB1.8 billion through cumulative issuance of three tranches of quasi-REITs, further enhancing its cash flow. In addition, in 2025, the extended businesses of the Group completed its inaugural round of strategic financing, raising US$45 million. This capital infusion will fuel Towngas Lifestyle's rapid nationwide expansion and capability enhancement across products, services, and AI-powered digital platforms like IoT, all dedicated to providing 46 million household gas users with better smart kitchen and home safety products and services. The Group will continue to develop diversified financing channels to support business development and investments.

The Group has completed its first real-world asset ("RWA") tokenisation project in November 2025. Towngas is using a HK$100 million credit facility as the underlying asset for its subsidiary Towngas Telecom, which operates data centres and fixed network services. It provides an innovative financing channel for the company's business expansion. The credit facility will be utilised to develop AI data centres, AI IoT solutions, and cross-border infrastructure projects.

Information Security

The Group's business operations are dependent on information technology systems. Any critical system failure, leakage or loss of sensitive information could adversely affect the Group's business. To safeguard our operations against information security threats, the Group has protective measures to manage data loss and monitor suspicious cyber activities. The Group also engages third parties to perform security assessments. The Group enhances employees' awareness of information security and has developed system contingency plans for system failure with regular drills. Furthermore, the Group will continue to monitor regulatory requirements relating to information security on the Chinese mainland and Hong Kong, and further strengthen information security related internal control measures to ensure its business operations comply with regulatory requirements.

Ethics and Integrity

Maintaining strong corporate governance standards and operating ethically are among Group management's top concerns. Poor ethical behaviour by employees could damage the Group's long-established business relationships with stakeholders, including customers and suppliers, and subsequently may result in negative reputational and financial impact on the Group. To foster a culture of integrity and trust within the team and ensure employees adhere to ethical standards, the Group has relevant policies and provides regular training in these policies to our employees. The Group has also established formal channels for reporting suspected cases of fraud and encouraging its business partners to follow the same ethical principles that the Group promotes in Anti-Fraud Policy.

Health and Safety

The Group recognises the importance of maintaining high levels of occupational health and safety in all our operations. Serious accidents or the outbreak of a communicable disease, among other risks, could cause injury, loss of life and operational disruption that would result in huge recovery costs, litigation or reputational damage.

To mitigate and contain the risks directly or indirectly under the Group's control, the Group encourages staff at all levels to monitor and report any hazards and/or potential threats. The Group also has comprehensive safety guidelines and measures that ensure its safety performance conforms to the highest industry standards. The Group's safety management system, certified for compliance with international standards, is reviewed and updated regularly to ensure the related issues are properly addressed. The Group also emphasises the importance of maintaining a comprehensive and effective safety and health culture by providing staff and contractors with professional, technical and safety-related training.

To mitigate the risk of significant incidents, the Group has proactively adopted AI technologies and continues to advance the digitalisation of safety management. By leveraging standardised and structured data as the core foundation, the Group conducts proactive risk insights. The Group's mainland gas business has implemented video AI technology through a smart operations platform to achieve comprehensive, real-time safety monitoring. This enables the automatic detection and identification of abnormal behaviours, such as unauthorised entry into restricted areas, failure to wear required safety equipment, or abnormal operation of equipment, with alerts issued at the earliest possible stage. These measures help facilitate prompt responses to potential risks and enhance the efficiency and accuracy of routine monitoring.

Financial Review

Revenue

For 2025, the Group's turnover was affected by multiple factors, including the adjustment on standard gas tariff for customers in Hong Kong effective from August 2024; the continued improvement in cost pass-throughs of piped gas on the Chinese mainland; yet the ongoing downturn in the mainland property market has led to a decrease in new household gas connection. Combining with abovementioned factors, the Group recorded consolidated revenue of HK$54,326.3 million, representing a mild decrease of 2 per cent compared to last year.

	2025 HK$M	2024 HK$M (restated)
Gas sales after fuel cost adjustment	41,534.7	41,525.4
Gas connection income	2,202.8	2,897.4
Equipment sales and maintenance services	3,685.4	3,922.9
Water, waste treatment and related sales	1,603.5	1,665.9
Renewable energy businesses	1,645.9	1,863.5
Other sales	3,654.0	3,597.7
Total	54,326.3	55,472.8

Total Operating Expenses

Total operating expenses of the Group included gas fuel, stores and materials used, manpower costs, depreciation and amortisation and other operating expenses. Total operating expenses in 2025 amounted to HK$46,194.2 million, representing a decrease of 2 per cent compared to last year.

	2025 HK$M	2024 HK$M (restated)
Gas fuel, stores and materials used	33,328.7	33,463.8
Manpower costs	4,215.7	4,100.0
Depreciation and amortisation	3,802.9	3,567.9
Other operating expenses	4,846.9	6,163.2
Total	46,194.2	47,294.9

The ratio of total operating expenses to total revenue was similar as last year.

Other Gains, Net

In current year, other gains, net recorded HK$417.6 million as compared to HK$489.4 million in last year. The main reasons for the differences were primarily attributable to exchange loss of HK$212.6 million (2024: HK$28.4 million gain), gain on disposal and deemed disposal of subsidiaries and associates, net of HK$228.1 million (2024: HK$214.4 million) and impairment loss for assets of HK$178.3 million last year.

Interest Expense

The interest expense of the Group decreased by 13 per cent from HK$2,257.1 million in last year to HK$1,971.9 million. Stringent control on capital expenditure and successful securing of lower interest loans have led to finance costs reduction.

Share of Results of Associates

The share of profits of associates was HK$1,459.0 million, overall remained stable as compared to last year.

Share of Results of Joint Ventures

The share of profits of joint ventures recorded a decrease of 7 per cent to HK$569.0 million as compared to HK$613.5 million in last year. This was mainly driven by lower connection margin of the Chinese mainland city-gas joint ventures, being largely offset by an improvement in the city-gas dollar margin, following certain joint ventures actively promoting cost pass-throughs.

Profit for the Year

For 2025, profit attributable to shareholders of the Company amounted to HK$5,688.2 million, representing a decrease of 0.4 per cent compared to last year. Basic earnings per share amounted to 30.5 HK cents, a decrease of 0.4 per cent as compared to last year.

Financial Resources Review

Liquidity and Capital Resources

As at 31st December 2025, the Group had a net current borrowings position of HK$10,210 million (31st December 2024: HK$7,101 million) and long-term borrowings of HK$42,872 million (31st December 2024: HK$43,961 million). In addition, banking facilities available for use amounted to HK$37,300 million (31st December 2024: HK$30,000 million).

The operating and capital expenditures of the Group are funded by cash flow from operations, internal liquidity, banking facilities, debt and equity financing. The Group has adequate and stable sources of funds, unutilised banking facilities and Medium Term Note Programmes to meet its future capital expenditures and working capital requirements.

Financing Structure

In May 2009, the Group established a US$1 billion Medium Term Note Programme (the "Programme") which gives the Group flexibility to issue notes at favourable terms and timing. In June 2021, the Programme was updated with the size increased to US$5 billion. Medium term notes totalling HK$4,996 million, with an average tenor of 4.3 years, have been issued in 2025. In line with the Group's long-term business development, as at 31st December 2025, the total nominal amount of medium term notes issued has reached HK$26.3 billion with tenors ranging from 2 to 40 years, mainly at fixed interest rates with an average of 3.4 per cent per annum and an average tenor of 12.1 years. In addition, our listed subsidiary Towngas Smart Energy also established its Medium Term Note Programme of US$2 billion in June 2021, which adds flexibility and capacity to its financing, and thus strengthening its financial position. In April 2022, Towngas Smart Energy issued its first 5-year Sustainability-Linked Bond (the "SLB") and raised a total of US$200 million. As at 31st December 2025, the total nominal amount of SLB and medium term notes issued by Towngas Smart Energy has reached RMB2.3 billion, mainly at fixed interest rates with an average of 3.8 per cent per annum and an average tenor of 4.3 years. The carrying value of the issued notes in Renminbi ("RMB"), Japanese yen ("JPY"), United States dollar ("USD") and Hong Kong dollar under the Programmes (the "MTNs") as at 31st December 2025 was HK$28,782 million (31st December 2024: HK$25,983 million).

To further diversify the funding sources, Towngas Smart Energy issued its first 1-year and 3-year Panda Bonds on the Chinese mainland in June 2023, raising a total of RMB1.5 billion with an average interest rate of 3.27 per cent per annum. Among them is the first sustainability-linked Panda Bond issued by a Hong Kong enterprise on the Chinese mainland. The 1-year RMB1 billion Panda Bond was repaid on 12th June 2024. The carrying value of the Panda Bond as at 31st December 2025 was HK$557 million.

Additionally, to enhance the flexibility and ability of financing and strengthen its financial position, Towngas Smart Energy issued its second and third quasi-REITs products on the Chinese mainland in the year of 2025, with a scale of approximately RMB470 million and RMB812 million respectively, featuring a senior class security coupon rate of 2.2 per cent and 2.3 per cent respectively.

Convertible bonds ("CB") of nominal amount at RMB1,836 million were issued by Towngas Smart Energy to a strategic investor in November 2021 and the carrying value of the debt component of the issued CB as at 31st December 2025 was HK$2,027 million (31st December 2024: HK$1,850 million).

As at 31st December 2025, the Group's borrowings amounted to HK$59,701 million (31st December 2024: HK$57,422 million). The maturity profile was 28 per cent due within 1 year, 16 per cent within 1 to 2 years, 40 per cent within 2 to 5 years and 16 per cent over 5 years (31st December 2024: 23 per cent due within 1 year, 26 per cent within 1 to 2 years, 31 per cent within 2 to 5 years and 20 per cent over 5 years). The majority of the notes and CB mentioned above together with some bank and other loans had fixed interest rate, while a certain portion of notes and the remaining bank and other loans amounted to HK$18,408 million (31st December 2024: HK$21,149 million) had a floating interest rate.

As at 31st December 2025, the JPY and a certain portion of RMB notes issued and the USD SLB issued by Towngas Smart Energy are hedged to Hong Kong dollar or Renminbi respectively by cross currency swaps. Except for the borrowings under Towngas Smart Energy and that of the subsidiaries in the Chinese mainland are arranged in or hedged to their functional currency in Renminbi, the Group's borrowings are primarily denominated in Hong Kong dollar after swap (Hong Kong dollar borrowings: HK$34,140 million; Renminbi borrowings: HK$4,758 million).

The gearing ratio [net borrowings/(total equity + net borrowings)] for the Group as at 31st December 2025 was 43 per cent (31st December 2024: 43 per cent).

Guarantee

As at 31st December 2024 and 2025, the Group did not provide any guarantee in respect of bank borrowing facilities made available to any associates, joint ventures or third parties.

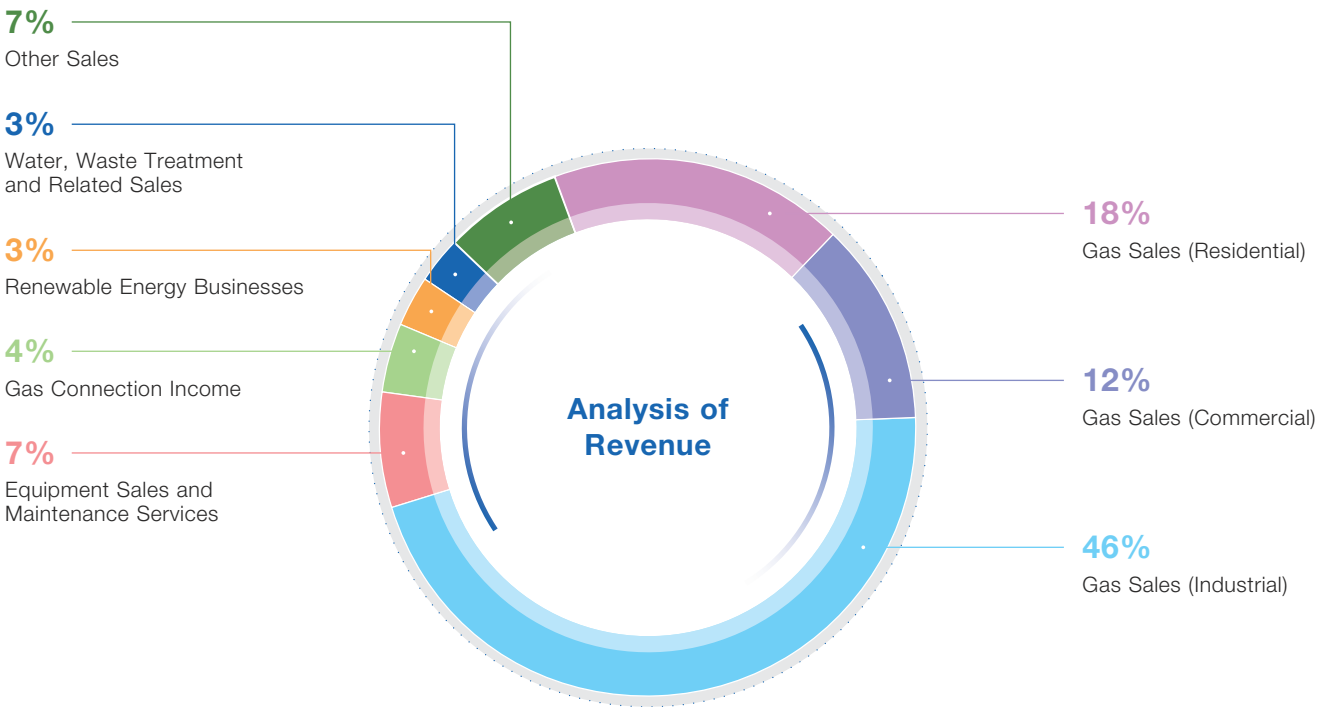
Currency Profile

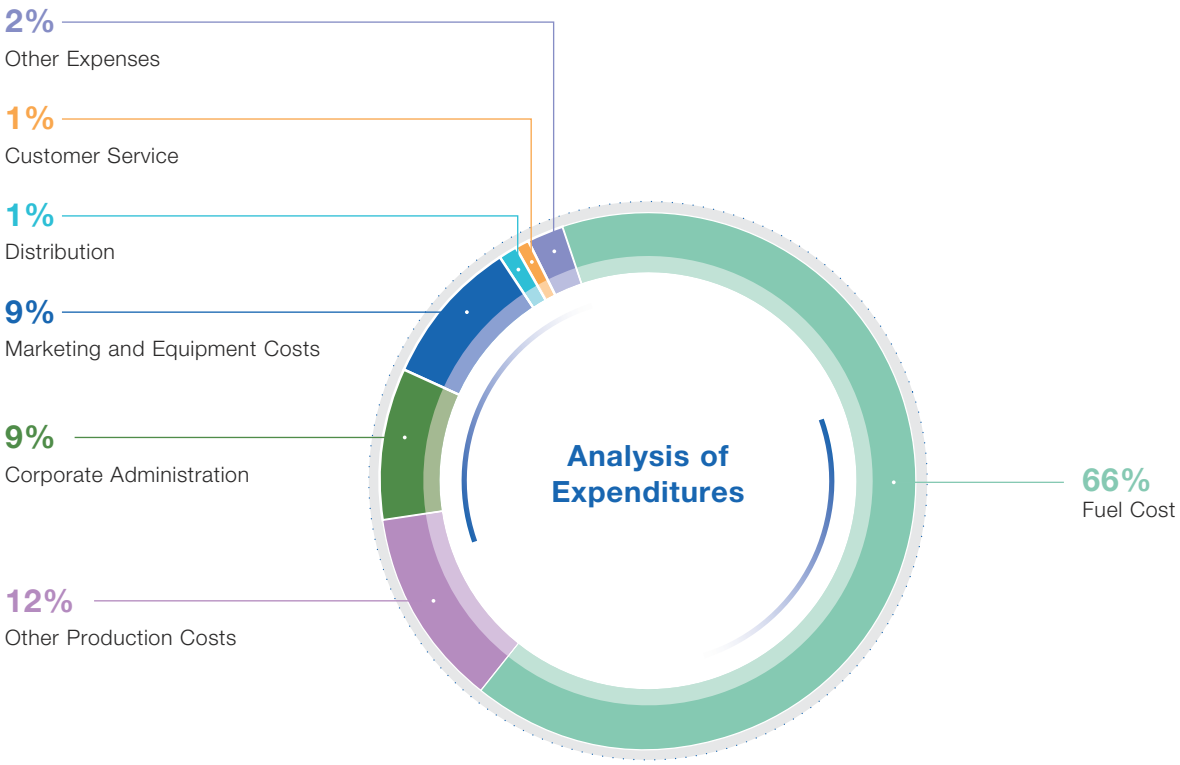
The Group's operations and activities are predominantly based in Hong Kong and the Chinese mainland. As such, its cash, cash equivalents or borrowings are mainly denominated in Hong Kong dollar, Renminbi or United States dollar, whereas borrowings for the Group's subsidiaries, associates and joint ventures in the Chinese mainland are predominantly denominated in the local currency, Renminbi, in order to provide natural hedging for the investment there.

Credit Ratings

Moody's Investors Service maintained the issuer rating of The Hong Kong and China Gas Company Limited at "A1"; Standard & Poor's also affirmed the long-term corporate credit rating of The Hong Kong and China Gas Company Limited at "A-".

2025 Financial Analysis

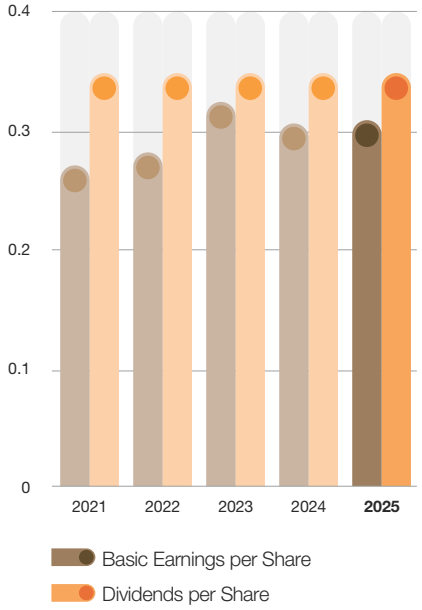




Five-Year Financial Statistics

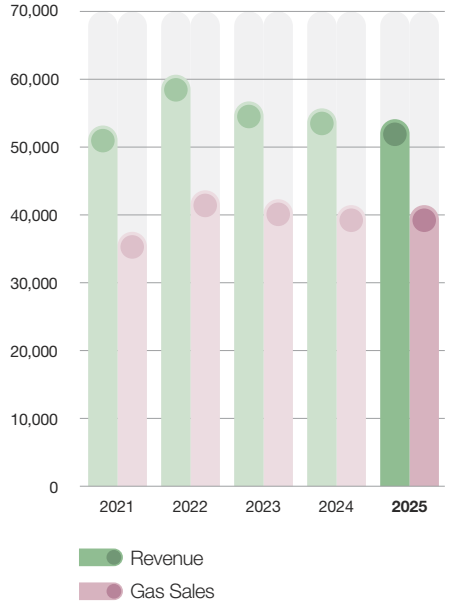
Basic Earnings and Dividends per Share

(HK$)



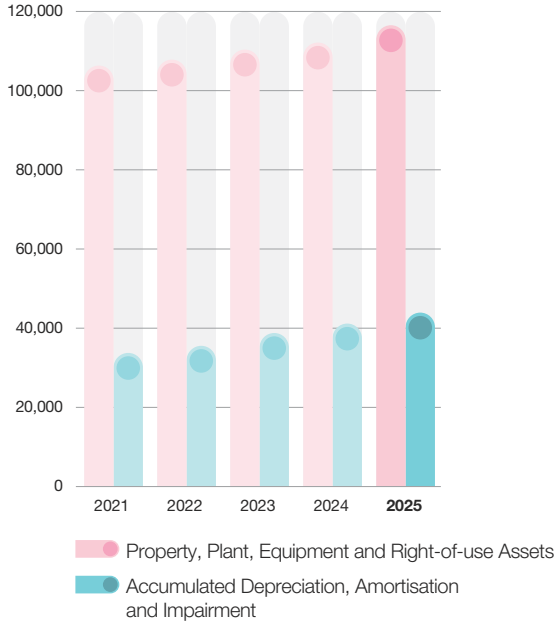
Revenue and Gas Sales

(HK$ million)



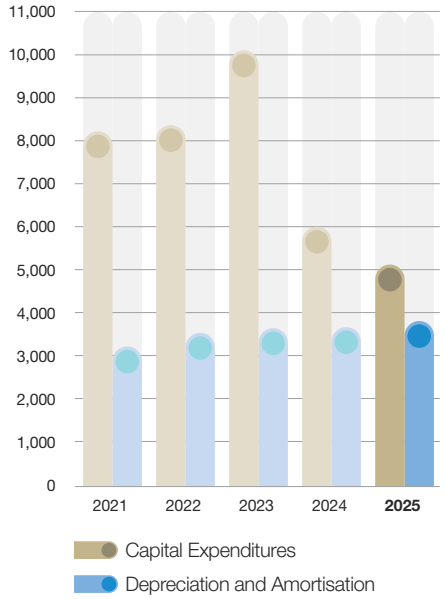
Property, Plant, Equipment and Right-of-use Assets

(HK$ million)



Capital Expenditures

(HK$ million)



Comparison of Ten-Year Results

	2025	2024	2023
HIGHLIGHTS			
Town Gas Sold in Hong Kong, million MJ	27,181	27,159	27,125
Gas Sold by City-gas Business on the Chinese mainland, million m^3, natural gas equivalent#	36,348	36,355	34,699
Number of Customers in Hong Kong as at 31st December, thousand	2,056	2,037	2,020
Number of City-gas Customers on the Chinese mainland as at 31st December, thousand#	44,265	42,491	40,186
RESULTS	HK$ M	HK$ M	HK$ M
Revenue	54,326.3	55,472.8	56,971.1
Profit before Taxation	8,605.8	8,490.4	9,174.4
Taxation	(1,890.9)	(1,729.2)	(2,003.1)
Profit after Taxation	6,714.9	6,761.2	7,171.3
Holders of Perpetual Capital Securities	–	–	(108.4)
Non-controlling Interests	(1,026.7)	(1,049.7)	(992.8)
Profit Attributable to Shareholders	5,688.2	5,711.5	6,070.1
Dividends	6,531.0	6,531.0	6,531.0
ASSETS AND LIABILITIES			
Property, Plant, Equipment and Right-of-use Assets	73,998.8	72,648.1	73,416.8
Investment Property	964.6	966.6	1,001.1
Intangible Assets	4,463.5	4,388.0	4,463.2
Associates	39,556.1	36,074.7	36,064.1
Joint Ventures	10,278.8	10,612.1	10,884.1
Non-current Financial Assets*	3,692.9	3,248.6	3,613.6
Other Non-current Assets	6,557.6	5,989.9	5,900.9
Current Assets	24,042.8	24,340.6	26,633.8
Current Liabilities	(38,273.4)	(36,067.5)	(42,094.0)
Non-current Liabilities	(53,892.4)	(53,867.6)	(48,864.9)
Net Assets	71,389.3	68,333.5	71,018.7
Capital and Reserves			
Share Capital	5,474.7	5,474.7	5,474.7
Reserves	49,584.6	47,623.9	50,086.3
Proposed Dividend	4,291.8	4,291.8	4,291.8
Shareholders' Funds	59,351.1	57,390.4	59,852.8
Perpetual Capital Securities	–	–	–
Non-controlling Interests	12,038.2	10,943.1	11,165.9
Total Equity	71,389.3	68,333.5	71,018.7
Basic Earnings per Share, HK Dollar	0.31	0.31	0.33
Dividends per Share, HK Dollar	0.35	0.35	0.35
Dividend Cover	0.87	0.87	0.93

* Non-current financial assets include available-for-sale financial assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments

\# Inclusive of all mainland city-gas projects of the Group

2022	2021	2020	2019	2018	2017	2016
27,398	27,677	27,947	28,712	29,550	29,049	28,814
32,066	31,080	26,900	25,550	23,000	19,500	17,140
1,995	1,965	1,944	1,934	1,909	1,883	1,859
37,293	35,030	31,810	29,780	27,540	25,380	23,100
HK$ M	HK$ M	HK$ M	HK$ M	HK$ M	HK$ M	HK$ M
60,953.4	53,563.7	40,927.0	40,628.1	39,073.0	32,476.5	28,557.1
8,183.6	8,380.7	8,925.6	10,403.9	12,339.5	11,096.7	9,845.7
(1,859.2)	(2,155.0)	(1,713.2)	(2,289.6)	(1,907.6)	(1,749.8)	(1,575.9)
6,324.4	6,225.7	7,212.4	8,114.3	10,431.9	9,346.9	8,269.8
(111.5)	(110.9)	(110.3)	(98.6)	(107.4)	(111.2)	(110.5)
(965.0)	(1,097.8)	(1,094.8)	(1,050.0)	(1,011.7)	(1,010.4)	(818.6)
5,247.9	5,017.0	6,007.3	6,965.7	9,312.8	8,225.3	7,340.7
6,531.0	6,531.0	6,220.0	5,923.8	5,385.3	4,895.7	4,450.9
74,632.1	75,160.2	70,936.1	63,807.9	60,193.3	58,056.7	51,226.2
996.5	849.0	827.0	830.0	778.0	764.0	729.0
5,340.2	5,607.2	5,462.9	5,291.1	5,682.1	5,883.6	5,572.4
34,178.1	36,149.9	28,670.3	27,475.5	26,314.1	23,393.4	20,485.0
11,163.0	12,575.2	11,981.2	10,613.5	10,950.3	10,889.2	9,226.5
6,777.0	7,549.9	7,485.1	8,172.5	4,633.7	4,289.9	4,967.1
6,671.4	5,988.1	4,761.0	4,150.2	3,529.4	3,419.3	3,366.3
28,711.0	24,187.9	20,156.6	20,129.4	20,612.2	24,365.8	21,170.9
(43,522.8)	(38,533.7)	(29,806.3)	(26,167.5)	(26,150.9)	(31,948.1)	(19,547.5)
(49,807.8)	(47,694.9)	(41,320.6)	(38,905.9)	(36,348.9)	(28,867.9)	(34,297.9)
75,138.7	81,838.8	79,153.3	75,396.7	70,193.3	70,245.9	62,898.0
5,474.7	5,474.7	5,474.7	5,474.7	5,474.7	5,474.7	5,474.7
51,461.0	57,659.9	57,196.4	54,841.9	53,387.1	51,746.9	45,532.6
4,291.8	4,291.8	4,087.4	3,892.8	3,538.9	3,217.2	2,924.9
61,227.5	67,426.4	66,758.5	64,209.4	62,400.7	60,438.8	53,932.2
2,384.2	2,384.2	2,384.0	2,384.2	–	2,354.1	2,353.8
11,527.0	12,028.2	10,010.8	8,803.1	7,792.6	7,453.0	6,612.0
75,138.7	81,838.8	79,153.3	75,396.7	70,193.3	70,245.9	62,898.0
0.28	0.27	0.32	0.37	0.50	0.44	0.39
0.35	0.35	0.33	0.32	0.29	0.26	0.24
0.80	0.77	0.97	1.18	1.73	1.68	1.65

Report of The Directors

The board of directors (the "Board") of The Hong Kong and China Gas Company Limited (the "Company") has pleasure in presenting the Report of the Directors and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31st December 2025.

Principal Activities

The principal activities of the Group are the production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses in Hong Kong and the Chinese mainland. Particulars of the principal subsidiaries of the Company are shown from pages 216 to 236 of this Annual Report. Revenue and contribution to operating profit are mainly derived from activities carried out in Hong Kong and the Chinese mainland.

Results and Appropriations

The results of the Group for the year ended 31st December 2025 are set out in the consolidated income statement and the consolidated statement of comprehensive income on pages 115 and 116 of this Annual Report respectively.

An interim dividend of HK12 cents per share was paid to shareholders on 15th September 2025. The Board has recommended a final dividend of HK23 cents per share (if approved by the shareholders at the forthcoming annual general meeting ("AGM")) payable on Thursday, 18th June 2026 to shareholders whose names are on the register of members of the Company on Tuesday, 9th June 2026 (being the record date for determining shareholders' entitlement to the proposed final dividend).

Business Review

A review of the business of the Group during the year is provided from pages 2 to 67 of this Annual Report, with particulars of important events affecting the Group that have occurred since the end of the year ended 31st December 2025, an analysis of the Group's performance using financial key performance indicators, and a discussion of the Group's future business development plans. A description of the possible risks and uncertainties that the Group faces are also set out from pages 53 to 59. The Group's approach to financial risk management can be found in Note 3 to the consolidated financial statements. In addition, discussions of the Group's relationships with its key stakeholders, environmental policies and performance, and compliance with relevant laws and regulations that have a significant impact on the Group can be found from pages 28 to 52 and pages 82 to 108, respectively.

The Group consistently upholds the business philosophy of compliance and integrity, complies with all relevant laws and regulations in all material respects in both the Chinese mainland and Hong Kong that have a significant impact on the businesses or operations, including those related to business ethics, health and safety, employees, customers, and the environment, which are the basic requirements of how we operate.

Business Review *(Continued)*

Ensuring intrinsic safety and reinforcing the main responsibility for safety is a top priority for the Group. The Group has been committed to upholding gas safety and supply reliability in production and storage facilities, gas pipelines, and distribution networks. In the Hong Kong gas business, the gas safety requirements are covered by the Gas Safety Ordinance (Cap. 51 of the Laws of Hong Kong), with which the Group complies fully at all times. The Group conducts regular reviews of all operating procedures to mitigate these risks and implements targeted strategies for addressing them. The Group also manages its assets according to international standards and external certifications. As part of its risk management measures, the Group has taken out adequate insurance coverage to protect the Group against potential property or financial losses.

The Group collects and keeps customers' personal data necessary for the provision of the Group's services. Customers are required to provide personal data to the Group in connection with the opening or operation of gas accounts, as well as for other related facilities and services provided by the Group. The Group takes every step necessary to safeguard its customers' data and has formulated a Personal Data Privacy Policy that sets out its standards for handling customer information. The Group has also established a Privacy Management Programme committing to protect the privacy of personal data collected and ensure its compliance with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).

The Group is governed by the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and any anti-corruption laws applicable to the Group, and adopts a zero-tolerance policy towards corruption and related fraudulent practices. The Group complies with the Prevention of Bribery Ordinance and formulates its Code of Conduct. To the best of its knowledge, the Group is not aware of any incidents within the Group which contravenes the anti-bribery requirements set out in the Code of Conduct. Moreover, the Group has also established an Anti-fraud Policy to promote an ethical culture. The Group further insists that all staff and business partners adhere to both the letter and the spirit of the law in the course of their business dealings. All employees are strictly forbidden from giving or accepting bribes and must never offer an advantage to, or ask for an advantage from, customers, suppliers, contractors, regulators and legislators, government authorities or other business partners.

The Group sets out its commitment to comply with the laws and regulations pertaining to anti-competitive practices, in line with the Group's nine core values. Guidance is provided for staff on the requirements and importance of compliance, as well as the disciplinary actions and possible liabilities they will be subject to in cases of non-compliance. Additionally, the Group closely monitors the Competition Ordinance (Cap. 619 of the Laws of Hong Kong) and reports to the management any developments that could have an adverse effect on the Group.

The Company has complied with the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "Companies Ordinance") and the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") including but not limited to the disclosure of information and corporate governance practices.

Business Review *(Continued)*

The Group requires its businesses on the Chinese mainland to abide by the laws and regulations of the Chinese mainland in the process of their development and operation. Major areas include foreign investment access, corporate governance, taxation, labour contracts and social insurance, land administration, environmental protection, work safety, anti-monopoly and anti-unfair competition, intellectual property, price control, administration of urban gas, administration of urban water supply, administration of distributed PV power generation, administration of internet and telecommunications, internet security, data and privacy protection, and administration of mineral resources.

The Group attaches great importance to compliance in business operations, adhering to the baseline of compliance to mitigate risks, seeking support from relevant national policies, and creating compliance value for the Group's business development. The Group is comprehensively and deeply promoting the construction of the compliance system for its Chinese mainland business by referencing the "Compliance management systems-Requirements with guidance for use" (ISO 37301:2021, GB/T35770:2017).
The Group's Managing Director, Executive Directors, and Executive Management members have formed the Compliance Management Committee for the Chinese mainland business, the Managing Director serves as the Chairman of the Committee, and the Chief Legal Officer as the Chief Compliance Officer. The Group has formulated the "General Guidelines for Compliance Management of Mainland Operations", a foundational and overarching document that guides the implementation of compliance management for the Group's mainland business, serving as the action guide and basic standard for conducting mainland operations in accordance with laws. The Group has also strengthened special compliance initiatives in key compliance areas including anti-monopoly, metering and charging, such as compliance training, self-inspections with random checks, to effectively prevent compliance risks and ensure that its business operations are conducted in a lawful, compliant, stable and orderly manner.

The Group has organised and conducted compliance training for general managers, relevant directors and senior executives of various business segments in the Chinese mainland. This ongoing initiative aims to reinforce the compliance awareness and risk management capabilities of management personnel of our mainland business.

The Group complies with the newly promulgated or revised laws and administrative regulations of 2025 and makes corresponding preparations. This includes, in accordance with the revised "Law of the People's Republic of China Against Unfair Competition", formulating compliance policies related to unfair competition and anti-corruption, as well as further strengthening the development of our cybersecurity management system in line with the requirements of the amended "Cybersecurity Law of the People's Republic of China".

During the year 2025, the Group has complied with, in all material respects, these relevant laws and regulations.

Distributable Reserves

The distributable reserves of the Company as at 31st December 2025 amounted to HK$5,733 million (2024: HK$7,372 million) before the proposed final dividend for the year ended 31st December 2025.

Financial Summary

A summary of the results, assets and liabilities of the Group for the last nine financial years is set out on pages 66 and 67 of this Annual Report.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the year are set out in Note 16 to the consolidated financial statements.

Share Capital

Details of the shares issued by the Company are set out in Note 35 to the consolidated financial statements. There were no movements during the year.

Bank Loans, Guaranteed Notes, Medium Term Note Programmes and Convertible Bonds

Particulars of the bank loans, guaranteed notes, Medium Term Note Programmes and convertible bonds of the Company and the Group as at 31st December 2025 are set out in Note 32 to the consolidated financial statements on pages 197 and 200 and Financial Resources Review on pages 62 and 63, respectively.

Directors

The directors of the Company (the "Directors") during the year and up to the date of this Annual Report are as follows:

Non-executive Directors

Dr. the Hon. Lee Ka-kit *(Chairman)*
Dr. Lee Ka-shing *(Chairman)*
Dr. Colin Lam Ko-yin
Prof. Andrew Fung Hau-chung

Independent Non-executive Directors

Dr. the Hon. Sir David Li Kwok-po
Prof. the Hon. Poon Chung-kwong
Dr. the Hon. Moses Cheng Mo-chi
Prof. Anna Wong Wai-kwan

Executive Directors

Mr. Peter Wong Wai-yee *(Managing Director)*
Mr. Yeung Lui-ming *(Chief Financial Officer)*
Mr. Chan Ying-lung *(Chief Investment Officer)*

Directors *(Continued)*

In accordance with article 95 of the Articles of Association of the Company (the "Articles"), one-third of all the directors are subject to retirement by rotation at every AGM. Pursuant to article 97 of the Articles, Dr. the Hon. Lee Ka-kit, Dr. the Hon. Sir David Li Kwok-po, Dr. Colin Lam Ko-yin and Mr. Yeung Lui-ming are due to retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-appointment. Details of these Directors proposed for re-election are set out in the circular sent together with this Annual Report.

The Company has received from each of its Independent Non-executive Directors a written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

Each of the Non-executive Directors (including Independent Non-executive Directors) was appointed for a period and re-election commencing from his/her appointment date and is subject to retirement by rotation at the AGM.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within 1 year without payment of compensation, other than statutory compensation.

The biographical details of Directors and senior management who are also Executive Directors are set out from pages 16 to 22 of this Annual Report.

A list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is kept at the Company's registered office and available for inspection by shareholders during office hours.

Disclosure of Interests

A. Directors

As at 31st December 2025, the interests and short positions of each Director 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 the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(1) Ordinary shares (unless otherwise specified) and underlying shares (Long positions)

			Interest in shares			Number of underlying shares		
Name of company	**Name of director**	**Capacity**	**Personal interests**	**Corporate interests**	**Other interests**	**pursuant to share options**	**Aggregate interests**	**%***
The Hong Kong and China Gas Company Limited	Lee Ka-kit	Discretionary beneficiary of discretionary trusts			7,748,692,715 *(Notes 2 & 3)*		7,748,692,715	41.53
	Lee Ka-shing	Discretionary beneficiary of discretionary trusts			7,748,692,715 *(Notes 2 & 3)*		7,748,692,715	41.53
	David Li Kwok-po	Beneficial owner	61,000,000				61,000,000	0.33
	Poon Chung-kwong	Interests held jointly with another person	243,085 *(Note 4)*				243,085	0.00
Lane Success Development Limited	Lee Ka-kit	Discretionary beneficiary of discretionary trusts			9,500 *(Notes 3 & 5)*		9,500	95
	Lee Ka-shing	Discretionary beneficiary of discretionary trusts			9,500 *(Notes 3 & 5)*		9,500	95
Yieldway International Limited	Lee Ka-kit	Discretionary beneficiary of discretionary trusts			2 *(Notes 3 & 6)*		2	100
	Lee Ka-shing	Discretionary beneficiary of discretionary trusts			2 *(Notes 3 & 6)*		2	100
Towngas Smart Energy Company Limited ("Towngas Smart Energy")	Lee Ka-kit	Discretionary beneficiary of discretionary trusts			2,542,547,046 *(Notes 3 & 7)*		2,542,547,046	69.25
	Lee Ka-shing	Discretionary beneficiary of discretionary trusts			2,542,547,046 *(Notes 3 & 7)*		2,542,547,046	69.25
	Peter Wong Wai-yee	Beneficial owner	11,387,000			1,800,000 *(Note 8)*	13,187,000	0.36
	Yeung Lui-ming	Beneficial owner	500,000			500,000 *(Note 8)*	1,000,000	0.03
	Chan Ying-lung	Beneficial owner	2,822,997			900,000 *(Note 8)*	3,722,997	0.10
EcoCeres, Inc.	Lee Ka-kit	Interest of controlled corporations		292,717 (Series B Preferred Shares) *(Note 9)*			292,717 (Series B Preferred Shares) *(Note 9)*	6.63
	Peter Wong Wai-yee	Beneficial owner				41,818 *(Note 8)*	41,818	0.36
	Chan Ying-lung	Beneficial owner				61,818 *(Note 8)*	61,818	0.53
Towngas Lifestyle Holding Company Limited ("Towngas Lifestyle")	Peter Wong Wai-yee	Beneficial owner				1,700 *(Note 8)*	1,700	0.17
	Yeung Lui-ming	Beneficial owner				1,500 *(Note 8)*	1,500	0.15
	Chan Ying-lung	Beneficial owner				1,500 *(Note 8)*	1,500	0.15

* *Percentage which the aggregate long position in the ordinary shares (unless otherwise specified) or underlying shares represents to the number of issued ordinary shares (unless otherwise specified) of the Company or any of its associated corporations.*

Disclosure of Interests *(Continued)*

A. Directors *(Continued)*

(2) Options to subscribe for shares of Towngas Smart Energy (Long positions)

Pursuant to the share option scheme of Towngas Smart Energy ("TSEL Share Option Scheme"), a listed subsidiary of the Company, certain Directors of the Company (who are also directors of Towngas Smart Energy and/or its subsidiaries) have been granted options to subscribe for the shares of Towngas Smart Energy, details of which as at 31st December 2025 were as follows:

Name of company	Name of director	Date of grant	Exercise period	Vesting date	Exercise price (HK$)	Number of shares of Towngas Smart Energy subject to outstanding options as at 01.01.2025	Number of shares of Towngas Smart Energy subject to outstanding options as at 31.12.2025
Towngas Smart Energy and its subsidiaries	Peter Wong Wai-yee	25.11.2022	25.11.2023-24.11.2025	25.11.2023	3.40	1,800,000	–
		18.03.2025	18.03.2026-17.03.2028	18.03.2026	3.57	N/A	1,800,000
Towngas Smart Energy's subsidiaries	Yeung Lui-ming	18.03.2025	18.03.2026-17.03.2028	18.03.2026	3.57	N/A	500,000
	Chan Ying-lung	25.11.2022	25.11.2023-24.11.2025	25.11.2023	3.40	900,000	–
		18.03.2025	18.03.2026-17.03.2028	18.03.2026	3.57	N/A	900,000

(3) Options to subscribe for shares of EcoCeres, Inc. (Long positions)

Pursuant to the share option scheme of EcoCeres, Inc., an associated corporation of the Company, certain Directors of the Company (who are also directors of EcoCeres, Inc.) have been granted options to subscribe for the shares of EcoCeres, Inc., details of which as at 31st December 2025 were as follows:

Name of company	Name of director	Date of grant	Exercise period	Vesting period	Exercise price (US$)	Number of shares of EcoCeres, Inc. subject to outstanding options as at 01.01.2025	Number of shares of EcoCeres, Inc. subject to outstanding options as at 31.12.2025
EcoCeres, Inc.	Peter Wong Wai-yee	28.04.2023	28.04.2023-27.04.2033	–	57.00	31,818	31,818
		15.03.2024	15.03.2024-14.03.2034	31.12.2024-31.12.2028	112.16	10,000	10,000
	Chan Ying-lung	28.04.2023	28.04.2023-27.04.2033	–	57.00	31,818	31,818
		28.02.2024	28.02.2024-27.02.2034	31.12.2024-31.12.2028	112.16	30,000	30,000

Disclosure of Interests *(Continued)*

A. Directors *(Continued)*

(4) Options to subscribe for shares of Towngas Lifestyle (Long positions)

Pursuant to the share option scheme of Towngas Lifestyle ("Towngas Lifestyle Share Option Scheme"), an associated corporation of the Company, certain Directors of the Company (who are also directors of Towngas Lifestyle) have been granted options to subscribe for the shares of Towngas Lifestyle, details of which as at 31st December 2025 were as follows:

Name of company	Name of director	Date of grant	Exercise period	Vesting date	Exercise price (HK$)	Number of shares of Towngas Lifestyle subject to outstanding options as at 01.01.2025	Number of shares of Towngas Lifestyle subject to outstanding options as at 31.12.2025
Towngas Lifestyle	Peter Wong Wai-yee	11.11.2025	expiry on 10.11.2035*	11.11.2025	1,932.09	N/A	1,700
	Yeung Lui-ming	11.11.2025	expiry on 10.11.2035*	11.11.2025	1,932.09	N/A	1,500
	Chan Ying-lung	11.11.2025	expiry on 10.11.2035*	11.11.2025	1,932.09	N/A	1,500

* *The beginning date of exercise period shall be determined in accordance with the terms and conditions of Towngas Lifestyle Share Option Scheme adopted by Towngas Lifestyle on 30th June 2025, and no specific date can be ascertained as at 31st December 2025.*

Save as mentioned above, as at 31st December 2025, there were no other interests or short positions of the Directors of the Company 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) recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Disclosure of Interests *(Continued)*

B. Substantial Shareholders and Others

As at 31st December 2025, so far as the Directors are aware, the interests or short positions of every person, other than the Directors of the Company, in the issued shares of the Company as recorded in the register of substantial shareholders required to be kept under section 336 of the SFO were as follows:

Long Positions in Shares

	Name of company	Capacity	No. of shares in which interested	%*
Substantial Shareholders (a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting)	Disralei Investment Limited *(Note 1)*	Beneficial owner	4,313,717,809	23.12
	Timpani Investments Limited *(Note 1)*	Interest of controlled corporations	5,989,193,083	32.10
	Faxson Investment Limited *(Note 1)*	Interest of controlled corporations	7,748,692,715	41.53
	Henderson Land Development Company Limited *(Note 1)*	Interest of controlled corporations	7,748,692,715	41.53
	Henderson Development Limited *(Note 1)*	Interest of controlled corporations	7,748,692,715	41.53
	Hopkins (Cayman) Limited *(Notes 2 & 3)*	Interest of controlled corporations	7,748,692,715	41.53
	Riddick (Cayman) Limited *(Notes 2 & 3)*	Trustee	7,748,692,715	41.53
	Rimmer (Cayman) Limited *(Notes 2 & 3)*	Trustee	7,748,692,715	41.53
Persons other than Substantial Shareholders	Macrostar Investment Limited *(Note 1)*	Beneficial owner	1,759,499,632	9.43
	Chelco Investment Limited *(Note 1)*	Interest of controlled corporation	1,759,499,632	9.43
	Medley Investment Limited *(Note 1)*	Beneficial owner	1,675,475,274	8.98

* *Percentage which the aggregate long position in the shares represents to the number of issued shares of the Company.*

Save as mentioned above, as at 31st December 2025, the register maintained by the Company pursuant to section 336 of the SFO recorded no other interests or short positions in the shares and underlying shares of the Company.

Disclosure of Interests *(Continued)*

B. Substantial Shareholders and Others *(Continued)*

Notes:

1. These 7,748,692,715 shares were beneficially owned by Macrostar Investment Limited ("Macrostar"), Medley Investment Limited ("Medley") and Disralei Investment Limited ("Disralei"). Macrostar was a wholly-owned subsidiary of Chelco Investment Limited, which was in turn, a wholly-owned subsidiary of Faxson Investment Limited ("FIL"). Medley and Disralei were wholly-owned subsidiaries of Timpani Investments Limited, which was in turn, a wholly-owned subsidiary of FIL. FIL was a wholly-owned subsidiary of Henderson Land Development Company Limited ("HLD"). Henderson Development Limited ("HD") was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HLD.

2. These 7,748,692,715 shares are duplicated in the interests described in Note 1. Hopkins (Cayman) Limited ("Hopkins") owned all the issued ordinary shares which carry the voting rights in the share capital of HD as trustee of a unit trust ("Unit Trust"). Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as the relevant trustees of the respective discretionary trusts held units in the Unit Trust. Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing, as discretionary beneficiaries of the discretionary trusts, were taken to have duties of disclosure in relation to these shares by virtue of Part XV of the SFO.

3. These 7,748,692,715 shares are duplicated in the interests described in Notes 1 and 2. All the issued shares in Rimmer, Riddick and Hopkins were beneficially owned by the late Dr. the Hon. Lee Shau-kee, and each of his sons, Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing will inherit certain shares in Rimmer, Riddick and Hopkins. Rimmer and Riddick (the relevant trustees of the respective discretionary trusts) hold units in the Unit Trust of which Hopkins is the trustee as described in Note 2, but each is not entitled to any interest in its trust assets which are, in the ordinary course of business, held by Hopkins as trustee of the Unit Trust independently without any reference to shareholders of Hopkins, and each of Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing remains to be one of the discretionary beneficiaries of such discretionary trusts.

4. These 243,085 shares were jointly held by Prof. the Hon. Poon Chung-kwong and his spouse.

5. These 9,500 shares in Lane Success Development Limited were beneficially owned by a wholly-owned subsidiary of the Company (as to 4,500 shares) and a wholly-owned subsidiary of HLD (as to 5,000 shares). Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing were taken to be interested in HLD and the Company as set out in Notes 1 and 2 by virtue of Part XV of the SFO.

6. These 2 shares in Yieldway International Limited were beneficially owned by a wholly-owned subsidiary of the Company (as to 1 share) and a wholly-owned subsidiary of HLD (as to 1 share). Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing were taken to be interested in HLD and the Company as set out in Notes 1 and 2 by virtue of Part XV of the SFO.

7. These 2,542,547,046 shares in Towngas Smart Energy representing approximately 69.25% of the total number of issued shares in Towngas Smart Energy as at 31st December 2025 were beneficially owned by Hong Kong & China Gas (China) Limited (as to 2,323,531,202 shares), Planwise Properties Limited (as to 215,351,446 shares) and Superfun Enterprises Limited (as to 3,664,398 shares), wholly-owned subsidiaries of the Company. Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing were taken to be interested in the Company as set out in Notes 1 and 2 by virtue of Part XV of the SFO.

8. These options represent personal interests held by the Directors.

9. These 292,717 Series B Preferred Shares of EcoCeres, Inc. were owned by Full Vision Molecule Investment Limited ("FVMIL"). Since Ultimate Beyond Limited, being indirectly controlled by Dr. the Hon. Lee Ka-kit through Galaxy Harmony Global Limited, was the general partner of Full Vision Molecule Strategic Fund, L.P. (with 1.96% of total capital commitment) which owned the entire share capital of FVMIL, Dr. the Hon. Lee Ka-kit was taken to be interested in these preferred shares by virtue of Part XV of the SFO.

Arrangements to Purchase Shares or Debentures

Share Option Scheme of Towngas Smart Energy

Pursuant to the resolution passed by the shareholders of Towngas Smart Energy at the AGM of Towngas Smart Energy held on 26th May 2022 and the resolution passed by the shareholders of the Company at the AGM held on 6th June 2022, TSEL Share Option Scheme was adopted by Towngas Smart Energy.

As at 31st December 2025, the details of the number of outstanding share options of Towngas Smart Energy granted under TSEL Share Option Scheme to the three Directors of the Company, namely Messrs. Peter Wong Wai-yee, Yeung Lui-ming and Chan Ying-lung, are set out in "Disclosure of Interests" in this report.

Share Award Scheme of Towngas Smart Energy

Pursuant to the share award scheme adopted by Towngas Smart Energy on 17th August 2021 ("TSEL Share Award Scheme") and the subsequent share award notice dated 18th March 2025 sent by Towngas Smart Energy to the three Directors of the Company, namely Messrs. Peter Wong Wai-yee, Yeung Lui-ming and Chan Ying-lung respectively, 1,800,000 shares, 500,000 shares and 900,000 shares of Towngas Smart Energy were respectively awarded and accepted by Messrs. Peter Wong Wai-yee, Yeung Lui-ming and Chan Ying-lung on 18th March 2025. The relevant shares had been vested on 30th April 2025 pursuant to the terms and conditions of TSEL Share Award Scheme.

Share Option Scheme of Towngas Lifestyle

Towngas Lifestyle Share Option Scheme was adopted by Towngas Lifestyle on 30th June 2025.

As at 31st December 2025, the details of the number of outstanding share options of Towngas Lifestyle granted under Towngas Lifestyle Share Option Scheme to the three Directors of the Company, namely Messrs. Peter Wong Wai-yee, Yeung Lui-ming and Chan Ying-lung, are set out in "Disclosure of Interests" in this report.

Save as mentioned above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company (including their spouses and children under the age of 18) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Equity-Linked Agreements

No equity-linked agreement(s) was entered into by the Company, or existed during the year.

Directors' Material Interests in Transactions, Arrangements or Contracts

Save as disclosed under the heading "Connected Transactions" below, there were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, which were entered into in the year or subsisted at the end of the year or at any time during the year.

Management Contracts

No contracts (as defined in section 543 of the Companies Ordinance) concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Permitted Indemnity Provision

Pursuant to the Articles, subject to the provisions of the Companies Ordinance, every Director or other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him/her as a director or other officer of the Company in defending any proceedings (whether civil or criminal) in which judgement is given in his/her favour or he/she is acquitted or in connection with any application under the Companies Ordinance in which relief is granted to him/her by the court.

In addition, the indemnity agreements made by the Company, which are currently in force and were in force throughout the financial year, contained permitted indemnity provisions (as permitted under the Companies Ordinance), for the benefit of the Directors of the Company. The Company has maintained appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

Competing Businesses

Pursuant to Rule 8.10 of the Listing Rules, the interests of Directors of the Company in businesses which might compete with the Group during the year ended 31st December 2025 and as at 31st December 2025 were as follows:

Mr. Peter Wong Wai-yee, Director of the Company, held directorships in companies engaged in the same businesses of production, distribution and marketing of gas in the Chinese mainland as the Group. Although some of the businesses carried out by those companies are similar to the businesses carried out by the Group, they are of different scale and/or at different locations, and the Group, has been operating independently of, and at arm's length from, the businesses of those companies. Therefore, the Board is of the view that the businesses of those companies did not compete with the businesses of the Group.

Connected Transactions

During the year, there were no connected transactions and continuing connected transactions which were required to be disclosed in accordance with the requirements of the Listing Rules.

None of the related party transactions as set out in Note 39 to the consolidated financial statements constituted a connected transaction or a continuing connected transaction which was subject to the disclosure requirements under Chapter 14A of the Listing Rules.

Controlling Shareholders' Interests in Significant Contracts

Save as disclosed in this report, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholder or its subsidiaries during the year.

Borrowings

Particulars of borrowings of the Group as at 31st December 2025 are set out in Note 32 to the consolidated financial statements.

Donations

During the year, the Group donated and sponsored approximately HK$11.9 million to charitable and other organisations.

Public Float

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

Major Customers and Suppliers

During the year, both the percentages of the purchases attributable to the Group's five largest suppliers combined and the percentage of the turnover attributable to the Group's five largest customers combined were less than 30% of the total purchases and turnover of the Group respectively.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31st December 2025, the trustee of TSEL Share Award Scheme, pursuant to the terms of the rules and trust deed of TSEL Share Award Scheme, purchased on the Stock Exchange a total of 11,607,000 issued shares of Towngas Smart Energy at a total consideration of approximately HK$40,206,000.

Save as mentioned above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December 2025.

Employees and Productivity

As at 31st December 2025, the number of employees engaged in the town gas business (including 187 employees engaged in gas production-related work) and related extended businesses in Hong Kong totalled 2,146 (31st December 2024: 2,169). The number of customers was 2,056,216, and each employee served the equivalent of 958 customers. Inclusive of employees engaged in businesses such as telecommunications and engineering contractual works, the total number of the Group's employees engaged in businesses in Hong Kong was 2,368 at the end of 2025 compared to 2,401 at last year end. Exclusive of businesses in Hong Kong, the total number of the Group's employees on the Chinese mainland and other places outside Hong Kong was approximately 52,600 as at 31st December 2025, a decrease of approximately 1,400 compared to last year end. The Group will continue to offer employees rewarding careers based on their capabilities and performance and arrange a variety of training programmes in order to constantly enhance the quality of its customer services.

Corporate Governance

The Company had complied with all applicable code provisions as set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules, as amended from time to time throughout the year ended 31st December 2025.

Details of the corporate governance of the Company are set out in the "Corporate Governance Report" on pages 82 to 108 of this Annual Report.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who will retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment at a fee to be agreed by the Board.

This report is signed for and on behalf of the Board.

Lee Ka-kit
Chairman

Lee Ka-shing
Chairman

Hong Kong, 20th March 2026

Corporate Governance Report

Corporate Governance Practices

The Directors and the management team of the Company are dedicated to maintaining high standards of corporate governance. They will continue to exercise leadership, control, enterprise, integrity and judgment so as to achieve continuing prosperity and to act in the best interests of the Company and its shareholders in a transparent and responsible manner. Strategic development with prudence and adherence to ethical principles form the cores of the Company's corporate governance practices.

Throughout 2025, the Company continued to implement and uphold the principles of good corporate governance as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "CG Code"). The Company has complied with the code provisions of the CG Code, as well as all applicable requirements and provisions of the Environmental, Social and Governance Reporting Code as set out in Appendix C2 to the Listing Rules.

The Board continues to monitor and review the Company's corporate governance practices to ensure compliance with all applicable rules and regulations, and foster a solid culture of governance across the Group's business operations and practices so as to ensure its ability to attract investment, protect the rights of shareholders and stakeholders, enhance shareholders' value and fulfill the Group's social responsibility. The Directors will be notified of code provision amendment updates in respect of the CG Code so as to be kept abreast of the latest requirements and be assisted in fulfilling their responsibilities.

Corporate Mission, Vision, Values and Culture

Our vision, mission, and values set out below are the guiding principles that guide us through the sustainable growth of the Group and shape the overall business strategy.

MISSION

Towngas strives to provide our customers with **safe, reliable, clean** and **smart energy** along with **quality services**, while committed to fulfilling our **social responsibility**, ensuring **sustainable business growth**, enhancing our shareholders' **return on investment**, and bringing **long-term benefit** for our **planet, society**, and **stakeholders**.

VISION

We envision to be a leading **clean** and **smart energy** supplier, with a view to creating a **sustainable** world driven by **green energy**.

CORE VALUES

Leadership
Proactively drive innovation and development, and lead the team towards greater heights.

Result-driven
Emphasise concrete and measurable outcomes, and achieve agile execution.

Versatility
Preemptively develop a wide range of professional skills to allow swift responses to challenges ahead.

Teamwork
Cultivate the team spirit of mutual collaboration, and build a high-trust and cohesive team.

Safe and Reliable
Committed to ensuring safety and compliance, as well as delivering quality and reliable products and services.

Innovation
Foster flexible and creative mindset, and be courageous to explore innovative solutions.

Positive Communication
Establish effective two-way communication to foster honest dialogues.

Vision
Be proficient in having a comprehensive overview of the big picture, and sharpen insight for the ever-changing market.

Customer-oriented
Always listen to customers' needs and never stop enhancing customer experience.

Our business philosophy which aims to improve the environment and provide our customers with reliable, efficient, safe and clean energy extends from the Board to all of our employees of different positions and at all levels.

Throughout the year ended 31st December 2025, the Company continued to strengthen its cultural practice through various initiatives. Details of the initiatives, corporate strategy and long term business model are set out in the "Chairmen's Statement", "Management Discussion and Analysis", "Risk Factors" and "Report of the Directors", and also the Environmental, Social and Governance Report 2025 (the "2025 ESG Report").

Information about the Company's mission, vision and core values is available on the website of the Company.

Board of Directors

Key Role and Responsibilities of the Board

The Board is accountable for the long-term sustainable success of the Group. Headed by the Joint Chairmen, the Board is responsible for the Group's development, business strategies and financial performance, which include setting and guiding the long-term strategic objectives of the Company with appropriate focus on value creation and risk management, and directing, supervising and monitoring the managerial performance and operating practices of the Group.

The Board strives to foster and promote a corporate culture down to all levels of the Company, and ensure that the corporate culture is reflected in the Company's strategy, business models and operating practices, aligning it with the Company's purpose, values and strategy.

The day-to-day management, administration and operation of the Group are delegated to the management team. The Board gives clear directions to the management team as to their powers of management, and circumstances in which the management team should report back.

Specific matters such as formulating business strategies, establishing corporate values and standards, reviewing financial statements, approving the Company's financial reports and relevant results announcements, budgets, and dividend policy, reviewing risk management and internal control systems, supervising environmental, social and governance-related matters, approving material transactions, etc. are decided by the Board and the daily management, administration and operation of the Group are reserved for management's direction and are reviewed by the Board. In addition, the Directors may seek independent professional advice in appropriate circumstances at the Company's expense.

Corporate Governance Functions

The Board is responsible for performing corporate governance duties including:

(a) developing and reviewing the Company's policies and practices on corporate governance and considering recommendations addressed to the Company;

(b) reviewing and monitoring the training and continuous professional development of the Directors and senior management;

(c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(d) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) reviewing the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Board of Directors *(Continued)*

Key Role and Responsibilities of the Board

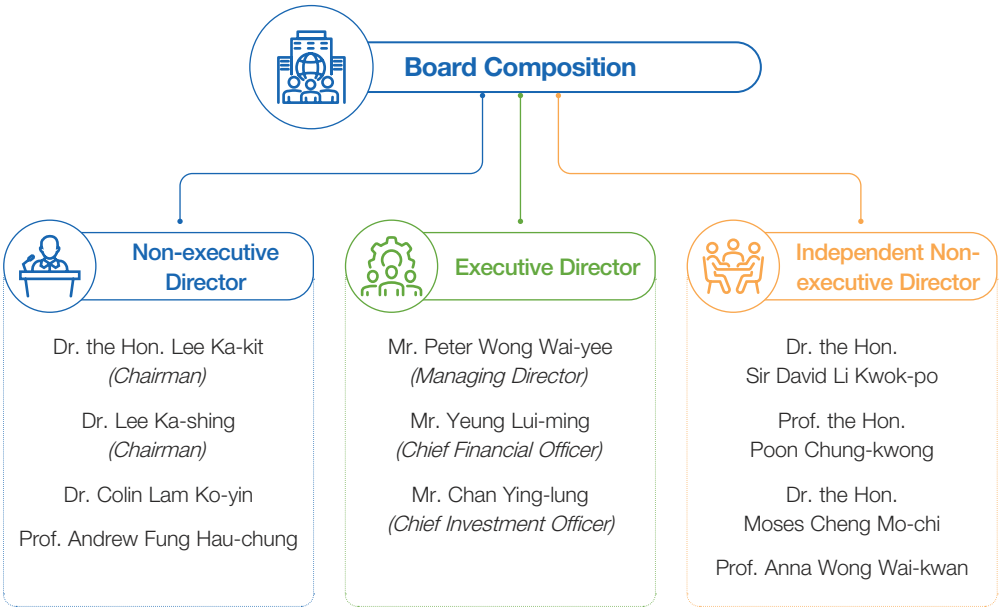
Board Process

The Board meets regularly at least 4 times a year at approximately quarterly intervals. The Directors can attend meetings in person or through electronic means of communication in accordance with the Articles of Association of the Company (the "Articles").

All members of the Board have full and timely access to relevant information. Due notices and accompanying meeting papers were given to all Directors prior to each meeting in accordance with the Articles and the CG Code. The Company Secretary assists the Chairman in preparing agenda for each meeting. The agenda together with the relevant meeting papers are sent at least 3 days before the intended date of a Board meeting/a Board committee meeting. All Directors are given an opportunity to include matters on the agenda for the said meetings.

The Board/Board committee meeting dates for the following year are usually fixed by the Company Secretary with the agreement of other members of the Board, in the fourth quarter of each year. At Board meetings, the Executive Directors will report to the Board on their respective areas of business.

Board Composition



Board of Directors *(Continued)*

Board Composition *(Continued)*

The Board currently has three Executive Directors and eight Non-executive Directors. Four of the eight Non-executive Directors are independent to ensure that proposed strategies protect all shareholders' interests.

The Directors during the year and up to the date of this Annual Report are as follows:

Directors	Length of Tenure (Year)	Current Period of Appointment (Year)
Non-executive Directors		
Dr. the Hon. Lee Ka-kit *(Chairman)*	36	3
Dr. Lee Ka-shing *(Chairman)*	26.5	2
Dr. Colin Lam Ko-yin	42.5	2
Prof. Andrew Fung Hau-chung	3.5	1
Independent Non-executive Directors		
Dr. the Hon. Sir David Li Kwok-po	41	3
Prof. the Hon. Poon Chung-kwong	16	2
Dr. the Hon. Moses Cheng Mo-chi	7	1
Prof. Anna Wong Wai-kwan	1.5	1
Executive Directors		
Mr. Peter Wong Wai-yee	13	1
Mr. Yeung Lui-ming	2	2
Mr. Chan Ying-lung	1.5	1

Board of Directors *(Continued)*

Board Composition *(Continued)*

Independent Non-executive Directors are identified as such in all corporate communications containing the names of the Directors. An up-to-date list of Directors identifying the Independent Non-executive Directors and the roles and functions of the Directors is available on the websites of the Company and the Stock Exchange.

Biographical details of the Directors and relevant relationships among them are set out from pages 16 to 22 of this Annual Report. Save as disclosed therein, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between any members of the Board, and in particular, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Joint Chairmen and the Managing Director.

Board Independence

The Company recognises that the independence of the Board is a key element of good corporate governance. The Company has adopted the Policy/Mechanism for the Independence of the Board which aims to ensure independent views and input are available to the Board, including that a Director may, upon reasonable request, seek and be provided with separate independent professional advice to assist the relevant Director in discharging his/her duties to the Company where appropriate at the Company's expense.

Each Independent Non-executive Director is required to inform the Company as soon as practicable if there is any change in his/her personal particulars that may affect his/her independence. No such notification was received by the Company during the year. The Company therefore still considers each Independent Non-executive Director to be independent.

The Nomination Committee is mandated to assess annually the independence of all Independent Non-executive Directors and to affirm if each of them satisfies the criteria of independence as set out in Rule 3.13 of the Listing Rules and is free from any relationships and circumstances which are likely to affect, or could appear to affect, their independent judgement. Every Nomination Committee member abstains from assessing his/her own independence.

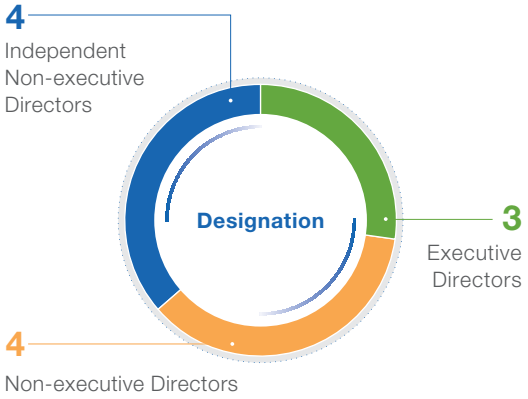
The mechanism in place is subject to annual review by the Board that underpins a strong independent Board. During the year, upon the recommendation of the Nomination Committee, the Board conducted a review and considered that such mechanism was properly implemented and was effective in ensuring that independent views and input are provided to the Board.

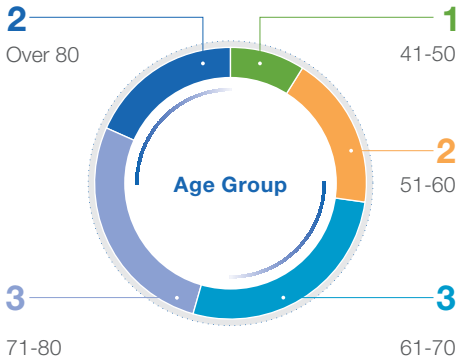
Board of Directors *(Continued)*

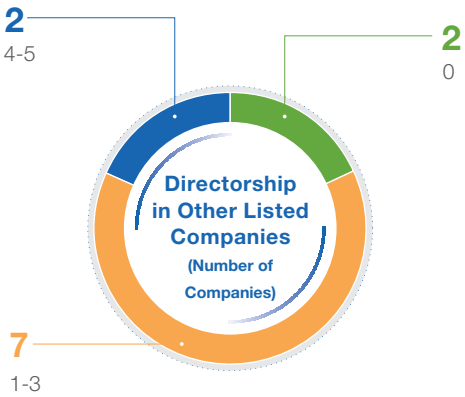
Board Diversity

The Company recognises the benefit and value of diversity across the organisation, and endorses the view that a diverse board, with a breadth of perspective, is one of the key drivers of an effective board.

The following chart shows the diversity profile of the Board as at the date of this Annual Report:







Board of Directors *(Continued)*

Board Diversity *(Continued)*

Board Expertise

The Board recognises the importance of having a diverse range of skills and expertise among the Directors that align with our strategy, governance and business needs, which enable the Board to effectively discharge its duties and responsibilities in pursuing the Group's strategic objectives and achieving sustainable growth of the Group.

The Board possesses professional skills and experience as shown in the chart below.

Professional Skills/ Experience	Relevance to the Company	Percentage ratio
Executive Leadership	Experience in a leading role facilitates understanding of many facets of the Group, including strategy, financial reporting and compliance, risk oversight.	100%
Related Industry Knowledge/Experience	Deep industry knowledge assists in understanding the issues faced by the Group and can direct the Company to focus on value drivers.	100%
Governance and Sustainability	Relevant expertise and knowledge are crucial for the Board to discharge its role in ESG responsibilities and drive forward the Company's sustainability initiatives.	100%
Public Administration	Relevant experience contributes to compliance with a variety of regulatory requirements and development of constructive relationship with public bodies or organisations.	72.7%
People Management Experience	Promotes a positive culture across the Group, enables the Company to uphold its core values and achieve long term sustainable performance.	100%
Banking/Financial Literacy/Accounting	Provides oversight, scrutinisation and advice on banking, capital management strategies, corporate finance, capital markets, funds management and financial reporting.	90.9%
Information Technology/ Artificial Intelligence	Provides insights into digital and technology development and artificial intelligence.	36.4%
Legal and Regulatory Compliance	Provides valuable input from professionals with legal and regulatory experience.	63.6%
Risk Management and Internal Controls	The Board plays a pivotal role in risk oversight and managing significant risks facing the Company.	100%

Note: A Director might have multiple professional backgrounds, skills and experiences.

Board of Directors *(Continued)*

Board Diversity *(Continued)*

Board Expertise (Continued)

The Company considers that maintaining a Board with diversity, including gender diversity, is a vital asset to its business. The Company would strive to make up a Board mixed with diversity in age, cultural and educational background, or professional experience as recommended by the Listing Rules (as amended from time to time). While conscious efforts are being taken by the Company to fulfil its pledges, all appointments are ultimately made on a merit basis taking into account of the availability and suitability of the candidates.

During 2025, the Board had 1 female Director, constituting 9.1% of the Board and 25% of the Independent Non-executive Directors. The Board considers that the gender diversity in respect of the Board with reference to business needs is satisfactory. The Company targets to maintain at least 1 female representation on the Board. The Company would strive to deploy multiple channels to identify and approach suitable candidates, including referrals from Directors, shareholders, management, advisors of the Company and external executive search firms as and when appropriate that would enhance its composition and diversity, with a view to expanding the competencies, experience and perspectives of the Board as a whole. The Board is committed to further enhancing gender diversity as and when suitable candidates are identified.

Diversity in the Workforce

The Hong Kong and China Gas Company Limited is an equal opportunity employer and is committed to recruiting, developing and promoting employees based on merit, irrespective of gender, pregnancy, family or marital status, race, colour, ethnic origin, disability, religion or other protected characteristics. As a signatory of the Racial Diversity and Inclusion Charter for Employers administered by Equal Opportunities Commission (EOC), and as a recognised Disability Inclusive Pioneer under the Caring Employer Medal 2025, the Company is dedicated to adopting people-centred employment practices that uphold equal opportunities for all employees.

We are committed to fostering an inclusive and accessible workplace where individuals from diverse backgrounds are empowered to realize their full potential. Through initiatives such as our Diversity, Equity and Inclusion (DEI) Day, we actively promote empathy, mutual understanding and respect across the organisation. Our sustained efforts in advancing workplace inclusivity were recognized in 2025 through multiple industry accolades, including Gold Awards in Racial Equity in Hiring, Inclusive Workplace and Community Engagement presented by EOC, as well as the Inclusive Innovation Award conferred by the Labour and Welfare Bureau.

To further strengthen awareness and understanding of equal opportunities and contribute to a more inclusive workplace culture, we continue to deliver regular training on equal opportunities, including updates on relevant laws and regulations and practical case studies, conducted by professional trainers from EOC.

Board of Directors *(Continued)*

Board Diversity *(Continued)*

Diversity in the Workforce (Continued)

As at 31st December 2025, about 23.5% of our workforce in the businesses in Hong Kong, inclusive of town gas, telecommunications and contractual engineering works, is female and the average gender pay ratio between male and female full time employees (including senior management who are also Executive Directors of the Company) is about 1:1.

For details of gender diversity at the workforce levels, please refer to the 2025 ESG Report.

Board Diversity Policy

Under the Board Diversity Policy, Board candidates are selected based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and the contribution that the selected candidates will bring to the Board.

During the year, the Nomination Committee has reviewed the implementation and effectiveness of the Board Diversity Policy and considered that it is appropriate and effective.

Appointment and Re-election of Directors

All Directors entered into formal letters of appointment with the Company. There is no specific term for each Director's appointment, but subject to the Articles, at least one-third of the Directors shall retire from office but are eligible for re-election by shareholders at each annual general meeting of the Company (the "AGM") and each Director shall retire on a rotational basis at least once every 3 years.

The Board had at all times met the requirements of the Listing Rules relating to the appointment of at least 3 independent non-executive directors with at least 1 independent non-executive director possessing appropriate professional qualification, or accounting or related financial management expertise pursuant to Rule 3.10 of the Listing Rules and the appointment of independent non-executive directors representing at least one-third of the Board pursuant to Rule 3.10A of the Listing Rules during the year ended 31st December 2025.

In accordance with the Articles, new appointments to the Board are subject to re-election at the first AGM after the relevant appointments. Their respective terms of office are subject to the Listing Rules and the provisions of the Articles in force from time to time, including but not limited to, the requirements for retirement, rotation and vacation of office of directors as set forth in the Articles.

Board of Directors *(Continued)*

Appointment and Re-election of Directors *(Continued)*

Nomination Policy

Pursuant to the Nomination Policy, the Nomination Committee shall consider certain criteria in evaluating and selecting candidates for directorships, including reputation for integrity, business experience relevant and beneficial to the Company, willingness to devote adequate time to discharge duties as a member of the Board and the Board Diversity Policy for achieving diversity on the Board. These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee identifies individual(s) suitably qualified to become Board members, having due regard to the Nomination Policy and the Board Diversity Policy, and assesses the independence of the proposed Independent Non-executive Director(s) as appropriate. The Nomination Committee makes recommendation(s) to the Board. The Board considers the individual(s) recommended by the Nomination Committee, having due regard to the Nomination Policy and the Board Diversity Policy and confirms the appointment of the individual(s) as Director(s) or recommends the individual(s) to stand for election at a general meeting. Individual(s) appointed by the Board will be subject to election by the shareholders of the Company ("Shareholders") at the first AGM of the Company after the relevant appointment(s) in accordance with the Articles. Shareholders approve the election of individual(s), who stand(s) for election at general meeting, as Director(s).

The Nomination Committee also considers each retiring Director, having due regard to the Nomination Policy and the Board Diversity Policy, and assesses the independence of each retiring Independent Non-executive Director. The Nomination Committee makes recommendation(s) to the Board. The Board considers each retiring Director recommended by the Nomination Committee, having due regard to the Nomination Policy and the Board Diversity Policy and recommends the retiring Directors to stand for re-appointment at the AGM in accordance with the Articles. Shareholders approve the re-appointment of Directors at the AGM.

The Board shall have the ultimate responsibility for all matters relating to selection and appointment of Directors. The Nomination Committee will monitor the implementation of the Nomination Policy and from time to time review it, as appropriate, to ensure that it remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice.

Joint Chairmen of the Board and Managing Director

Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing are the Joint Chairmen of the Board and Mr. Peter Wong Wai-yee is the Managing Director. The roles of the Joint Chairmen and the Managing Director are separate and are not performed by the same individual.

The Joint Chairmen are responsible for providing leadership to, and overseeing, the functioning of the Board and, with the support of the Executive Directors and the Company Secretary, seeking to ensure that all Directors are properly briefed on issues arising at Board meetings and that they receive, in a timely manner, adequate and reliable information. The Managing Director is responsible for managing the business of the Group and leading the management team to implement strategies and objectives adopted by the Board. Their respective responsibilities are clearly established.

Board of Directors *(Continued)*

Meetings

The attendance of each Director at the Board meetings, Board committee meetings and AGM during the year ended 31st December 2025 is set out below:

	Number of Meetings Attended/Held					
Directors	**Board Meeting**	**Board Audit and Risk Committee Meeting**	**Nomination Committee Meeting**	**Remuneration Committee Meeting**	**Board Environmental, Social and Governance Committee Meeting**	**AGM**
Non-executive Directors						
Dr. the Hon. Lee Ka-kit *(Chairman)*	4/4	N/A	1/1	1/1	N/A	1/1
Dr. Lee Ka-shing *(Chairman)*	4/4	N/A	1/1	1/1	N/A	1/1
Dr. Colin Lam Ko-yin	4/4	N/A	N/A	N/A	N/A	1/1
Prof. Andrew Fung Hau-chung	4/4	N/A	N/A	N/A	N/A	1/1
Independent Non-executive Directors						
Dr. the Hon. Sir David Li Kwok-po	4/4	2/2	1/1	1/1	N/A	1/1
Prof. the Hon. Poon Chung-kwong	4/4	2/2	1/1	1/1	N/A	1/1
Dr. the Hon. Moses Cheng Mo-chi	4/4	2/2	1/1	1/1	1/1	1/1
Prof. Anna Wong Wai-kwan	4/4	2/2	1/1	1/1	1/1	1/1
Executive Directors						
Mr. Peter Wong Wai-yee	4/4	2/2*	1/1*	1/1*	1/1	1/1
Mr. Yeung Lui-ming	4/4	2/2*	1/1*	1/1*	1/1	1/1
Mr. Chan Ying-lung	4/4	N/A	1/1*	1/1*	N/A	1/1

* In attendance

Board of Directors *(Continued)*

Time Commitment of Directors

Directors give sufficient time and attention to the Group's affairs. The Company also requests the Directors to disclose to the Company semi-annually the directorships held in other listed companies as well as the number and the nature of offices held in public organisations and other significant commitments with an indication of the time involved. The Board believes the balance of skills and experience is appropriate for safeguarding the interests of shareholders and the Group.

Compliance with the Model Code

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the Directors. All Directors, following specific enquiry made by the Company, confirmed that they have complied with the required standard set out in the Model Code regarding directors' securities transactions throughout the year ended 31st December 2025.

The Company has further adopted a formal model code for securities transactions by its relevant employees (including certain employees of the Company, certain directors or employees of its subsidiaries who are considered to be likely to possess inside information in relation to the Company or its securities) (the "Relevant Employees") on terms no less exacting than the required standard set out in the Model Code.

Policy and Procedures on Disclosure of Inside Information

The Board has adopted the Policy and Procedures on Disclosure of Inside Information which contains the guidelines to the officers (referring to Directors, managers or Company Secretary of the Company) and all the Relevant Employees to ensure that the inside information of the Company is to be disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. The Policy and Procedures on Disclosure of Inside Information is available on the Company's website.

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate directors' and officers' liabilities insurance coverage for the Directors and officers of the Company. The insurance coverage is reviewed on an annual basis.

Board of Directors *(Continued)*

Board Performance Review

The Company has implemented regular evaluation of the performance and effectiveness of the Board once every two years in the form of a questionnaire to all Directors individually. Each Director is invited to provide his/her views on the performance of the Board and any suggestions for improving the board process. The results of the evaluation are reviewed by the Nomination Committee and submitted to the Board.

In 2025, a board performance review has been internally conducted for the year ended 31st December 2024 by the Company. Each Director has completed a board performance review questionnaire by providing ratings and comments (if any). Based on the evaluation conducted, the Directors were satisfied with the performance of the Board and considered the Board continued to operate effectively. The evaluation report was presented and reviewed at the meetings of the Nomination Committee and the Board for consideration in March 2025.

The Company will continue to conduct a formal evaluation of the Board's performance, either internally or by an external provider, at least every two years. The next evaluation is scheduled to be conducted within 2027.

Directors' Training and Continuous Professional Development

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

To ensure that Directors' contribution to the Board/Board committees remains informed, the Company updates and provides continuous professional development, including training materials on the roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness; the Company's obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rule updates) relevant to the discharge of such obligations and duties; corporate governance and environmental, social and governance ("ESG") matters; risk management and internal controls as well as anti-corruption and risk management training materials made available by the Independent Commission Against Corruption to the Directors from time to time.

In addition, all Directors are provided with monthly updates on the latest developments in the industry, business trends and strategies relevant to the Company, major business segments operating performance and year-to-date financials. All these will give the Board an overall understanding of the Group's business and other key information about the Group, and will provide up-to-date information to enable them to make informed decisions for the benefit of the Group and to perform their duties as Directors better.

All Directors participated in appropriate continuous professional development and provided the Company with their records of training received for the year ended 31st December 2025. All of these are of sufficient quality adequately support Directors' development of their knowledge and expertise and cover the specified topics as required under Rule 3.09G of the Listing Rules.

All Directors have provided the Company with a record of the training they received during the year ended 31st December 2025 which included reading regulatory updates or information relevant to the Group or its businesses or attending and/or giving talks at seminars and/or conferences.

Board of Directors *(Continued)*

Directors' Training and Continuous Professional Development *(Continued)*

Directors	Types of training: Attending or giving talks at seminars and/or conferences and/or forums and/or briefings	Types of training: Reading newspapers, journals and/or other materials
Non-executive Directors		
Dr. the Hon. Lee Ka-kit *(Chairman)*	√	√
Dr. Lee Ka-shing *(Chairman)*	√	√
Dr. Colin Lam Ko-yin	√	√
Prof. Andrew Fung Hau-chung	√	√
Independent Non-executive Directors		
Dr. the Hon. Sir David Li Kwok-po	√	√
Prof. the Hon. Poon Chung-kwong	√	√
Dr. the Hon. Moses Cheng Mo-chi	√	√
Prof. Anna Wong Wai-kwan	√	√
Executive Directors		
Mr. Peter Wong Wai-yee	√	√
Mr. Yeung Lui-ming	√	√
Mr. Chan Ying-lung	√	√

Board Committees

The Company has set up a number of committees of the Board, including the Board Audit and Risk Committee, the Remuneration Committee, the Nomination Committee and the Board Environmental, Social and Governance Committee, with specific terms of reference relating to their authority and duties, which strengthen the Board's functions and enhance its expertise.

Board Audit and Risk Committee

Dr. the Hon. Sir David Li Kwok-po *(Chairman)**
Prof. the Hon. Poon Chung-kwong*
Dr. the Hon. Moses Cheng Mo-chi*
Prof. Anna Wong Wai-kwan*

Remuneration Committee

Dr. the Hon. Sir David Li Kwok-po *(Chairman)**
Dr. the Hon. Lee Ka-kit
Dr. Lee Ka-shing
Prof. the Hon. Poon Chung-kwong*
Dr. the Hon. Moses Cheng Mo-chi*
Prof. Anna Wong Wai-kwan*

Nomination Committee

Dr. the Hon. Lee Ka-kit *(Chairman)*
Dr. Lee Ka-shing *(Chairman)*
Dr. the Hon. Sir David Li Kwok-po*
Prof. the Hon. Poon Chung-kwong*
Dr. the Hon. Moses Cheng Mo-chi*
Prof. Anna Wong Wai-kwan*

Board Environmental, Social and Governance Committee

Prof. Anna Wong Wai-kwan *(Chairman)**
Dr. the Hon. Moses Cheng Mo-chi*
Mr. Peter Wong Wai-yee
Mr. Yeung Lui-ming

** Independent Non-executive Director*

Board Committees *(Continued)*

Board Audit and Risk Committee

The Board Audit and Risk Committee reports directly to the Board, reviews the Company's financial information, and oversees the Company's financial reporting system, risk management and internal control systems to protect the interests of the Company's shareholders.

The Board Audit and Risk Committee meets regularly with the Company's external auditor to discuss various accounting issues, and reviews the effectiveness of the risk management and internal control systems of the Group semi-annually. The terms of reference of the Board Audit and Risk Committee have been posted on the websites of the Company and the Stock Exchange, and are regularly reviewed and updated by the Board.

During the year ended 31st December 2025, the Board Audit and Risk Committee:

- reviewed the external auditor's audit report and management representation letter to the external auditor;
- reviewed the audited consolidated financial statements for the year ended 31st December 2024 and the unaudited consolidated financial statements for the six months ended 30th June 2025;
- reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process, and made recommendations on the re-appointment of the external auditor and approval of their remuneration;
- reviewed the non-audit service fees of the external auditor;
- reviewed the effectiveness of the Company's financial controls, risk management and internal control systems, including the review of the adequacy of resources, budget, staff qualifications, experience and training programmes of the Company's internal audit, accounting, financial reporting and ESG function;
- reviewed the whistleblowing case report; and
- reviewed the 2025 internal audit plan.

Board Committees *(Continued)*

Remuneration Committee

The Remuneration Committee's responsibilities include but are not limited to making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management (who are also Executive Directors of the Company), reviewing and approving the special remuneration packages of all Executive Directors with reference to corporate goals and objectives resolved by the Board from time to time, determining, with delegated responsibility, the remuneration packages of individual Executive Directors and making recommendations to the Board on the remuneration of Non-executive Directors. Written terms of reference of the Remuneration Committee have been adopted by the Board and are posted on the websites of the Company and the Stock Exchange, and are regularly reviewed and updated by the Board.

The Company has not adopted any share option scheme or share award scheme. The emoluments of Directors are determined based on the duties and responsibilities of each Director. All Directors receive fixed fee(s) for their roles as Director (or Chairman of the Board) and member of the Board Committee(s) as appropriate. Directors' fees are reviewed by the Remuneration Committee with reference to the remuneration level of directors of comparable companies in Hong Kong. Any adjustments to Directors' fees shall be subject to approval from shareholders of the Company at general meetings.

The Directors' fees were reviewed by the Remuneration Committee. During the year ended 31st December 2025, every Director received a Director's fee at the rate of HK$250,000 per annum while the Joint Chairmen of the Board each received an additional fee at the rate of HK$250,000 per annum; and each member of the Board Audit and Risk Committee, the Remuneration Committee and the Nomination Committee received additional fees at the rate of HK$250,000, HK$100,000 and HK$100,000 per annum respectively while each Non-executive Director (including Independent Non-executive Director) who acts as member of the Board ESG Committee received an additional fee of HK$100,000 per annum. The Remuneration Committee considered the fees reasonable in view of the Directors' responsibilities.

The following sets out a summary of the work of the Remuneration Committee for the year ended 31st December 2025:

- reviewed the Directors' fees and determination of the remuneration of the Executive Directors for 2025;

- recommended to the Board on an additional fee of HK$100,000 per annum for each Non-executive Director (including Independent Non-executive Director) acting as member of the Board ESG Committee effective from the financial year of 2025 to be proposed by the Board for Shareholders' approval at the Company's 2025 AGM; and

- approved the grant of share options of Towngas Lifestyle Holding Company Limited (a non wholly-owned subsidiary of the Company) pursuant to its management and employee stock ownership plan to the three Executive Directors of the Company, namely, Messrs. Peter Wong Wai-yee, Yeung Lui-ming and Chan Ying-lung.

The Group will offer employees rewarding careers based on their capabilities and performance and arrange a variety of training programmes in order to constantly enhance the quality of its customer services.

Board Committees *(Continued)*

Nomination Committee

The Nomination Committee's responsibilities include but are not limited to making recommendations to the Board on nominations and appointments of Directors and Board succession. The Nomination Committee is also responsible for reviewing the structure, size, composition (including the skills, knowledge and experience) and diversity of the Board, assessing the independence of Independent Non-executive Directors and making recommendations on any proposed changes to the Board. The Nomination Committee shall consider candidates from a range of backgrounds based on criteria set out by the Board. Written terms of reference of the Nomination Committee have been adopted by the Board and are posted on the websites of the Company and the Stock Exchange, and are regularly reviewed and updated by the Board.

The following sets out a summary of the work of the Nomination Committee for the year ended 31st December 2025:

- recommended the nomination of retiring Directors for re-election at the 2025 AGM;
- reviewed the structure, size, composition (including the skills, knowledge and experience) and diversity of the Board, independence of Independent Non-executive Directors and Directors' time commitment in handling the Company's affairs;
- reviewed the implementation and effectiveness of the Terms of Reference of the Nomination Committee, the Policy/Mechanism for the Independence of the Board, the Board Diversity Policy and the Shareholders Communication Policy, and reviewed the amendments to the aforementioned Terms of Reference and Policies and proposed amendments for the Board's approval and adoption; and
- reviewed the evaluation results of the board performance and presented for the Board's consideration.

The Nomination Committee, having reviewed the Board's composition, nominated Dr. the Hon. Moses Cheng Mo-chi, Prof. Andrew Fung Hau-chung, Prof. Anna Wong Wai-kwan, Mr. Peter Wong Wai-yee and Mr. Chan Ying-lung to the Board for it to recommend to the shareholders for re-election at the 2025 AGM. The nominations were made in accordance with the Nomination Policy and the selection criteria and diversity of perspectives as listed in the Board Diversity Policy (including but not limited to skills, knowledge and experience) and the independence of Independent Non-executive Directors.

Board Committees *(Continued)*

Board Environmental, Social and Governance Committee

The Board ESG Committee's responsibilities include but are not limited to assisting the Board in overseeing the Group's ESG development, strategies, policies and practices, and the management of ESG-related issues. In addition, the Board ESG Committee identifies and reviews ESG issues, risks and opportunities, tracks the Group's ESG performance, and recommends strategies for improvement. Written terms of reference of the Board ESG Committee have been adopted by the Board and are posted on the websites of the Company and the Stock Exchange, and are regularly reviewed and updated by the Board.

Prof. Anna Wong Wai-kwan has been redesignated from a member of the Board ESG Committee to the chairman of the Board ESG Committee in place of Mr. Peter Wong Wai-yee, and Mr. Peter Wong Wai-yee would remain a member of the Board ESG Committee, all with effect from 20th March 2026.

The following sets out a summary of the work of the Board ESG Committee for the year ended 31st December 2025:

- reviewed the results of the Group's key ESG ratings, including the Hang Seng Corporate Sustainability Index Series, the MSCI ESG Ratings and S&P Global ESG Scores, and discussed the latest requirements and expectations of these ratings;
- reviewed the key performance indicators of ESG Steering Committee, including the performance of decarbonisation efforts, diversity and inclusion, safety and health, cyber security, governance, and supply chain management;
- reviewed the climate-related issues and the related risks and opportunities;
- deliberated the future development of green finance;
- reviewed and evaluated the Company's 2024 ESG Report; and
- reviewed and approved the revised Terms of Reference of Board ESG Committee and the revised Employee Policy.

Company Secretary

The Company Secretary is a full-time employee of the Company. The Company Secretary is responsible for assisting the Board to facilitate good information flows and communications among Directors and to ensure Board policy and procedures are followed properly. The Company Secretary is also responsible for provision of professional advice to the Board on implementing corporate governance practices and processes, organising general meetings of the Company and facilitating the induction and professional development of the Directors.

During the year under review, Ms. Elsa Wong Lai-kin, the Company Secretary of the Company, confirmed that she had taken no less than 15 hours of relevant professional training.

Independence of External Auditor

The external auditor of the Company is PricewaterhouseCoopers. The Board Audit and Risk Committee is mandated to ensure the continuing auditor's objectivity and safeguard the independence of the auditor. The Board and the Board Audit and Risk Committee are satisfied with PricewaterhouseCoopers' findings, independence, objectivity and effectiveness in the annual audit and review of the unaudited interim results of the Group and their audit and review fees. A statement by PricewaterhouseCoopers about their reporting responsibilities for the financial statements of the Group for the year ended 31st December 2025 is included in the Independent Auditor's Report on pages 109 to 114 of this Annual Report. Up to the date of this Annual Report, the Board Audit and Risk Committee has considered and approved PricewaterhouseCoopers as the external auditor of the Group for the reporting year and the corresponding audit fee estimation.

For the year ended 31st December 2025, the total remuneration of PricewaterhouseCoopers in respect of statutory audit services and non-audit services (mainly including tax services, interim results review services and other transaction related services), amounted to approximately HK$15.7 million (2024: approximately HK$15.3 million) and approximately HK$10.3 million (2024: approximately HK$9.9 million) respectively.

Directors' and Auditor's Responsibility in Preparing Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable accounting standards.

The statement of the external auditor of the Company regarding their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on pages 109 to 114 of this Annual Report.

Going Concern Basis in Preparing Financial Statements

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

Risk Management and Internal Control

The Board is committed to maintaining sound and effective risk management and internal control systems for the Group in order to safeguard the Group's assets and shareholders' interests, as well as to review the effectiveness of such systems.

During the year ended 31st December 2025, the Board, through the Board Audit and Risk Committee, has conducted review of the overall effectiveness of the Group's risk management and internal control systems over financial, operational and compliance controls, information systems security, risk management process, scope and quality of the management's monitoring of risks and internal control systems, the effectiveness of the procedures for financial reporting and compliance with the Listing Rules requirements.

The Board ensured that the resources, budget, staff qualifications, experience and training programmes of the Company's internal audit, accounting, financial reporting and ESG function were adequate. The Board concluded that the Group had implemented necessary control mechanisms to monitor and correct non-compliance or material internal control defects, if any, and considered that the Group's risk management and internal control systems are effective and adequate.

Internal Control

The Group has established policies and procedures to ensure that all payments and investments are properly authorised, critical assets and data are safeguarded as well as all company records are accurate and complete. In addition, the Group has a strict Code of Conduct and an Anti-Fraud Policy which provide guidance on the ethical behaviour when handling issues such as corruption and bribery, conflicts of interest, insider dealing, acceptance of gift and entertainment and fair dealing. The Board adopted a Whistleblowing Policy which provides reporting channels and guidance for employees and other stakeholders (e.g. contractors and suppliers) to report possible improprieties in financial reporting or other matters. The Whistleblowing Policy and the Anti-Fraud Policy are available on the Company's website.

Group Audit and Risk Management Department ("GARD"), which is functionally independent of the Group's management team, has unrestricted access to the company records that allows it to review all aspects of the Group's control and governance process. The Board Audit and Risk Committee approves the annual audit plan prepared by GARD. The plan includes financial and operational review, recurring and special audit, and fraud investigation. GARD reports to the Board Audit and Risk Committee semi-annually on the effectiveness of the internal control system, together with the major audit findings and implementation progress of the audit recommendations.

Risk Management and Internal Control *(Continued)*

Risk Management

Risk Management System

The Group has established risk management system, which is able to effectively identify, assess, mitigate, report and monitor key risks of the Group, to ensure the Group's business growth and long-term value for the key stakeholders. In this regard, the Group conducts risk assessment semi-annually to ensure that major risks are within the Group's risk appetite after implementing risk management measures.

The Board Audit and Risk Committee supports the Board in overseeing the overall risk management system and provides assurance to the Board semi-annually that the system is operating effectively. The Executive Risk Management Committee ("ERMC"), which is composed of all Executive Management Members of the Group, is responsible for the risk management system formulation and its effective implementation to maintain risk exposures within the risk appetite. It is assisted by the Risk Management Committee ("RMC"), which mainly comprises risk owners who are also the senior business management, to review the major risk exposure and monitor the implementation of risk-mitigating measures.

Risk Management Process

The risk management process is embedded into the day-to-day operation and is carried out continuously by each business unit and relevant Group functional departments. Priorities would be given to high and medium risks on implementation of risk-mitigating measures by the Group.

GARD also regularly collects and reviews risk assessment results from each business unit and relevant Group functional departments, and reports to the RMC, the ERMC, and the Board Audit and Risk Committee respectively.

Risk Management Process

The Board

Board Audit and Risk Committee

Executive Risk Management Committee

Risk Management Committee

Group Audit and Risk Management Department

Business Units

Risk Management and Internal Control *(Continued)*

Risk Management *(Continued)*

Risk Management Process (Continued)

To pursue the Group's mission and keep in line with the expectations of its stakeholders, the Group is willing to take reasonable and manageable risks that are consistent with its strategic business drivers and necessary to promote innovation and continued growth but would not lead to the following situation:

1. Major incidents affecting safety and health of its staff, contractors and the general public;
2. Loss or failure of infrastructures and operations materially affecting production and supply;
3. Material financial loss impacting ability of the Group to carry out its business drivers;
4. Incidents leading to profound negative impact on corporate image or reputation;
5. Legal actions that are liable for major loss or suspension of operations; and
6. Incidents leading to severe impacts on the environment.

A description of the Group's risk factors is set out on pages 53 to 59 of this Annual Report.

Communication with Shareholders and Investor Relations

An extract of the Company's communication with shareholders and investor relations is set out below:

Communication with Shareholders

- The Board is committed to maintaining an ongoing communication with shareholders and providing timely disclosure of information concerning the Group's material developments to shareholders and investors. The Company believes that providing regular communications to shareholders and the market is important to ensure they have the available information reasonably required to make informed assessments of the Group's strategy, operations and financial performance.
- The Company uses a range of communication tools, such as AGMs, analyst briefings, investor briefings, investor webinars, annual reports, various notices, announcements and circulars and press releases, to ensure its shareholders are kept well informed of the Group's key business imperatives.
- The Company has adopted a Shareholders Communication Policy. The policy sets out the framework in place to promote two-way communication with shareholders so as to enable them to engage actively with the Company. It is the Company's general policy to maintain an ongoing dialogue with shareholders and the investment community, including the Company's potential investors and analysts. The Company has reviewed the implementation and effectiveness of its prevailing Shareholders Communication Policy during the year, and considered that multiple channels for communications with shareholders and stakeholders were in place, and therefore believes the Shareholders Communication Policy is still appropriate and effective.

Communication with Shareholders and Investor Relations *(Continued)*

Investor Relations

- The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular communication and dialogue with shareholders, investors and analysts.
- On the days of releasing the annual and interim results announcements, the Company also simultaneously holds analyst and investor briefings via live streaming, at which Executive Directors are responsible for presenting key work highlights, operational and financial conditions, ESG performance and group development guidance during the period; and listening to feedback from investor representatives on-site, addressing relevant questions, and facilitating two-way communications.
- The Company maintains a website (www.towngas.com) where the Company's announcements and press releases, business developments and operations, financial information, corporate governance report and other information are posted.

General Meetings

- AGMs and other general meetings provide constructive forums to maintain communication with shareholders, and shareholders are encouraged to attend general meetings to ensure a high level of accountability and allow our shareholders to timely understand the strategy and development of the Group. At the 2025 AGM, separate resolutions were proposed by the chairman of the meeting in respect of each issue itemised on the agenda. The Joint Chairmen of the Board, the chairman of each of the Board Committees, members of senior management, together with representatives from the external auditor, attended the 2025 AGM to answer questions from the Company's shareholders.
- Pursuant to the Listing Rules, any vote of shareholders at a general meeting will be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Detailed procedures for conducting a poll will be explained to the shareholders in the general meeting so that shareholders are familiar with such voting procedures. The poll results will be posted on the websites of the Stock Exchange and the Company on the day of the general meeting. Moreover, a separate resolution will be proposed by the chairman of a general meeting in respect of each separate issue.

Shareholders' Rights

Set out below is a summary of certain rights of the shareholders of the Company which are governed by the provisions of the Articles and applicable laws, rules and regulations.

Convening a General Meeting by Shareholders

- Pursuant to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "Companies Ordinance"), shareholders holding at least 5% of the total voting rights of all the shareholders can send a request to the Company to convene a general meeting. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request must be authenticated by the relevant shareholder(s) and sent to the Company in hard copy form or in electronic form.

Putting Forward Proposals at General Meetings

- Pursuant to the Companies Ordinance, (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company who have a right to vote on the resolution at the AGM; or (ii) at least 50 shareholders who have a right to vote on the resolution at the AGM may request the Company to circulate a notice of a resolution for consideration at the AGM. Such request must identify the resolution to be moved at the AGM and must be authenticated by the relevant shareholder(s) and sent to the Company in hard copy form or in electronic form not later than 6 weeks before the relevant AGM or if later, the time when the notice of the AGM is despatched.

Making Enquiries to the Board

- The Company has maintained the Shareholders Communication Policy to handle enquiries put to the Board. In order to enable such enquiries be properly directed, designated contacts, email addresses and enquiry lines of the Company were provided on page 237 of this Annual Report and the Company's website.

Shareholders' Rights *(Continued)*

Procedures for Proposing Candidate(s) for Election as Director(s) at General Meetings

- Pursuant to the Articles, if a shareholder wishes to propose a person other than a retiring director of the Company for election as a director of the Company at a general meeting, that shareholder should deposit a written notice stating the full name of the person proposed for election as a director of the Company, together with (a) the proposed person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that proposed person indicating his/her willingness to be elected; and (b) the proposed person's written consent to the publication of his/her personal data. Such notice should be deposited to the Company Secretary and lodged at the Company's registered office not earlier than the day after the despatch of the notice of the meeting and not later than 7 days prior to the day appointed for the meeting. Detailed procedures can be found in the "Procedures for shareholders to propose a person for election as a director of the Company at a general meeting" which is available in the Corporate Governance section of the Company's website.

Dividend Policy

The Board has adopted a Dividend Policy which sets out the guidelines for the Board to determine whether to pay a dividend and the level of such dividend to be paid. In general, it is the policy of the Company to allow its shareholders to participate in the Company's profits whilst retaining adequate reserves for future growth. Normally, the Company pays dividends twice a year, which are the interim dividend and final dividend. The Board may also declare special dividends in addition to such dividends as it considers appropriate. The policy also contains a number of factors for which the Board has to consider in determining the frequency, amount and form of any dividend in any financial year/period.

Constitutional Document

The latest version of the Articles is available on both the websites of the Company and the Stock Exchange. During the year ended 31st December 2025, there was no change in the Articles.

Independent Auditor's Report

TO THE MEMBERS OF THE HONG KONG AND CHINA GAS COMPANY LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of The Hong Kong and China Gas Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 115 to 236, comprise:

- the consolidated statement of financial position as at 31st December 2025;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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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.

The key audit matter identified in our audit is related to impairment assessments of property, plant and equipment with impairment indicators.

Key audit matter	How our audit addressed the key audit matter
Impairment assessments of property, plant and equipment with impairment indicators Refer to notes 4(a) and 16 to the consolidated financial statements The Group had total property, plant and equipment amounting to HK$71,947 million as at 31st December 2025. Management of the Group identified certain property, plant and equipment with impairment indicators. In view of the impairment indicators identified on cash-generating units ("CGUs") to which the property, plant and equipment belong, the Group's management conducted impairment assessments on those CGUs by estimating the recoverable amounts based on the higher of fair value less costs of disposal and value in use calculation, which is a discounted cash flow model. Based on the results of impairment assessments prepared by management, no provision for impairment against property, plant and equipment was recognised in the consolidated income statement for the year ended 31st December 2025.	Our procedures in relation to management's impairment assessments include: – We obtained an understanding of the management's impairment assessment process and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; – We discussed and evaluated the impairment indicators identified by management and corroborated with supporting evidence; – We assessed the valuation methodology, which is a discounted cash flow model, used by management to estimate the recoverable amounts with the assistance of our valuation experts;

Key audit matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
We focused on auditing the impairment assessments because the estimation of recoverable amounts is subject to heightened inherent risk and significant management assumptions were used including future revenue growth and discount rates.	– We assessed and challenged the reasonableness of management's key assumptions such as the future revenue growth and discount rates, based on our knowledge of the business and industry as well as considering historical results, approved budget, comparable market data, where applicable, and with the involvement of our valuation experts; – We checked, on a sample basis, the key input data to supporting evidence; – We evaluated management's historical estimation accuracy of cash flow forecasts by comparing the actual results to the historical cash flow forecasts; and – We evaluated management's sensitivity analyses around the key assumptions in consideration of potential impact of reasonably possible changes in the individual key assumptions on the impairment assessments. Based on the audit procedures performed, we found that the assumptions made by management were supported by available evidence.

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 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. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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 Pong Fei Ho (practising certificate number: P05268).

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 20th March 2026

Consolidated Income Statement

For the year ended 31st December 2025

	Note	2025 HK$'M	2024 HK$'M
Revenue	5	54,326.3	55,472.8
Total operating expenses	6	(46,194.2)	(47,294.9)
		8,132.1	8,177.9
Other gains, net	7	417.6	489.4
Interest expense	9	(1,971.9)	(2,257.1)
Share of results of associates	21	1,459.0	1,466.7
Share of results of joint ventures	22	569.0	613.5
Profit before taxation	10	8,605.8	8,490.4
Taxation	13	(1,890.9)	(1,729.2)
Profit for the year		6,714.9	6,761.2
Attributable to:			
Shareholders of the Company		5,688.2	5,711.5
Non-controlling interests		1,026.7	1,049.7
		6,714.9	6,761.2
Earnings per share – basic, HK cents	15	30.5	30.6
Earnings per share – diluted, HK cents	15	30.2	30.1

The notes on pages 123 to 236 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2025

	2025 HK$'M	2024 HK$'M
Profit for the year	6,714.9	6,761.2
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Movement in reserve of equity investments at fair value through other comprehensive income	54.3	(26.2)
Remeasurements of retirement benefit	60.9	25.9
Exchange differences	529.8	(414.7)
Items that may be reclassified subsequently to profit or loss:		
Movement in reserve of debt investments at fair value through other comprehensive income	(0.3)	(0.1)
Change in fair value of cash flow hedges	16.4	4.9
Share of other comprehensive income of associates	6.7	84.0
Exchange differences	2,350.1	(1,863.3)
Other comprehensive income/(loss) for the year, net of tax	3,017.9	(2,189.5)
Total comprehensive income for the year	9,732.8	4,571.7
Total comprehensive income attributable to:		
Shareholders of the Company	8,170.3	3,945.2
Non-controlling interests	1,562.5	626.5
	9,732.8	4,571.7

The notes on pages 123 to 236 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31st December 2025

	Note	2025 HK$'M	2024 HK$'M
Non-current assets			
Property, plant and equipment	16	71,946.7	70,776.0
Investment property	17	964.6	966.6
Right-of-use assets	18	2,052.1	1,872.1
Intangible assets	19	4,463.5	4,388.0
Associates	21	39,556.1	36,074.7
Joint ventures	22	10,278.8	10,612.1
Financial assets at fair value through other comprehensive income	23	1,611.0	1,692.0
Financial assets at fair value through profit or loss	24	1,989.6	1,436.3
Derivative financial instruments	25	92.3	120.3
Retirement benefit assets	26	187.3	127.9
Other non-current assets	27	6,370.3	5,862.0
		139,512.3	133,928.0
Current assets			
Inventories	28	3,007.3	2,794.6
Trade and other receivables	29	9,881.3	11,474.9
Loans and other receivables from associates	21	936.8	1,191.5
Loans and other receivables from joint ventures	22	1,626.2	494.7
Loan and other receivables from non-controlling shareholders		141.6	142.6
Financial assets at fair value through profit or loss	24	1,391.7	1,330.0
Derivative financial instruments	25	2.2	1.0
Time deposits over three months	30	71.1	89.1
Time deposits up to three months, cash and bank balances	30	6,547.9	6,271.5
		23,606.1	23,789.9
Assets held-for-sale	43	436.7	550.7
Current liabilities			
Trade payables and other liabilities	31	(20,199.8)	(20,750.8)
Loans and other payables to associates	21	(70.9)	(261.5)
Loans and other payables to joint ventures	22	(168.9)	(473.4)
Loans and other payables to non-controlling shareholders		(110.0)	(52.7)
Provision for taxation		(819.1)	(930.7)
Borrowings	32	(16,828.7)	(13,461.2)
Derivative financial instruments	25	(16.5)	(80.2)
		(38,213.9)	(36,010.5)
Liabilities directly associated with assets held-for-sale	43	(59.5)	(57.0)
Total assets less current liabilities		125,281.7	122,201.1

The notes on pages 123 to 236 form part of these consolidated financial statements.

Consolidated Statement of Financial Position (Continued)

As at 31st December 2025

	Note	2025 HK$'M	2024 HK$'M
Non-current liabilities			
Deferred taxation	33	(7,349.4)	(6,908.4)
Borrowings	32	(42,871.9)	(43,961.0)
Derivative financial instruments	25	(40.3)	(87.2)
Loans from joint ventures	22	(320.5)	(127.1)
Other non-current liabilities	34	(3,310.3)	(2,783.9)
		(53,892.4)	(53,867.6)
Net assets		71,389.3	68,333.5
Capital and reserves			
Share capital	35	5,474.7	5,474.7
Reserves	36	53,876.4	51,915.7
Shareholders' funds		59,351.1	57,390.4
Non-controlling interests		12,038.2	10,943.1
Total equity		71,389.3	68,333.5

Approved by the Board of Directors on 20th March 2026

Lee Ka-kit
Director

David Li Kwok-po
Director

The notes on pages 123 to 236 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2025

	Attributable to shareholders of the Company		Non-controlling interests	Total
	Share capital HK$'M	Reserves HK$'M	HK$'M	HK$'M
As at 1st January 2025	5,474.7	51,915.7	10,943.1	68,333.5
Profit for the year	–	5,688.2	1,026.7	6,714.9
Other comprehensive income:				
Movement in reserve of financial assets at fair value through other comprehensive income	–	60.6	(6.6)	54.0
Remeasurements of retirement benefit	–	60.9	–	60.9
Change in fair value of cash flow hedges	–	3.8	12.6	16.4
Share of other comprehensive income of associates	–	6.7	–	6.7
Exchange differences	–	2,350.1	529.8	2,879.9
Total comprehensive income for the year	–	8,170.3	1,562.5	9,732.8
Capital injections in subsidiaries	–	295.7	152.6	448.3
Acquisition of additional interests in subsidiaries (note 41(a))	–	–	(50.6)	(50.6)
Disposal of a subsidiary (note 42 (b))	–	(2.4)	–	(2.4)
Share award scheme of a subsidiary	–	0.7	0.5	1.2
Share options of a subsidiary exercised	–	(24.8)	58.8	34.0
Recognition of share-based payments upon grant of share options of subsidiaries	–	52.2	20.9	73.1
Dividends paid to shareholders of the Company	–	(6,531.0)	–	(6,531.0)
Dividends paid to non-controlling shareholders	–	–	(649.6)	(649.6)
As at 31st December 2025	5,474.7	53,876.4	12,038.2	71,389.3

The notes on pages 123 to 236 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31st December 2025

	Attributable to shareholders of the Company		Non-controlling interests	Total
	Share capital HK$'M	Reserves HK$'M	HK$'M	HK$'M
As at 1st January 2024	5,474.7	54,378.1	11,165.9	71,018.7
Profit for the year	–	5,711.5	1,049.7	6,761.2
Other comprehensive income:				
Movement in reserve of financial assets at fair value through other comprehensive income	–	(17.8)	(8.5)	(26.3)
Remeasurements of retirement benefit	–	25.9	–	25.9
Change in fair value of cash flow hedges	–	4.9	–	4.9
Share of other comprehensive income of associates	–	84.0	–	84.0
Exchange differences	–	(1,863.3)	(414.7)	(2,278.0)
Total comprehensive income for the year	–	3,945.2	626.5	4,571.7
Capital injections in subsidiaries	–	171.5	(141.6)	29.9
Acquisition of additional interests in subsidiaries (note 41(a))	–	(15.0)	(28.3)	(43.3)
Deemed disposal of subsidiaries	–	(12.6)	(83.2)	(95.8)
Disposal of subsidiaries	–	(20.5)	(1.8)	(22.3)
Dividends paid to shareholders of the Company	–	(6,531.0)	–	(6,531.0)
Dividends paid to non-controlling shareholders	–	–	(594.4)	(594.4)
As at 31st December 2024	5,474.7	51,915.7	10,943.1	68,333.5

The notes on pages 123 to 236 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st December 2025

	Note	2025 HK$'M	2024 HK$'M
Net cash from operating activities	40 (a)	10,533.0	9,000.3
Investing activities			
Purchase of property, plant and equipment		(5,096.3)	(6,435.5)
Payment for right-of-use assets		(35.3)	(24.6)
Receipt from sale of property, plant and equipment		22.1	107.8
Receipt from sale of right-of-use assets		3.4	8.8
Acquisition of subsidiaries		(1.2)	(0.9)
Settlement of outstanding considerations related to acquisition and disposal of subsidiaries in prior years		410.4	(206.7)
Disposal of subsidiaries	42	1,558.5	901.2
Increase in other payables		71.4	760.1
Increase in investments in associates		(56.7)	(81.8)
Disposal of associates		–	13.5
Increase in loans to associates		(264.6)	(212.1)
Repayment of loans by associates		200.5	25.6
Increase in amounts due from associates		(232.4)	(87.9)
Increase in investments in joint ventures		(583.3)	(30.1)
Increase in loans to joint ventures		(155.4)	(30.1)
Repayment of loans by joint ventures		65.3	171.2
Increase in amounts due from joint ventures		(263.7)	(72.8)
Sale of financial assets at fair value through profit or loss		45.6	231.9
Sale of financial assets at fair value through other comprehensive income		186.2	119.2
Purchase of financial assets at fair value through profit or loss		(327.6)	–
Purchase of financial assets at fair value through other comprehensive income		(0.3)	(3.5)
(Placement)/release of restricted deposits		(56.4)	70.0
Decrease/(increase) in time deposits over three months		18.0	(26.2)
Interest received		91.4	209.7
Dividends received from investments in securities		123.0	149.7
Dividends received from associates		1,106.0	1,532.8
Dividends received from joint ventures		583.4	603.5
Net cash used in investing activities		(2,588.0)	(2,307.2)

The notes on pages 123 to 236 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows (Continued)

For the year ended 31st December 2025

	Note	2025 HK$'M	2024 HK$'M
Financing activities			
Net change in loan balances with non-controlling shareholders		47.9	71.7
Capital injection by non-controlling shareholders		448.3	29.9
Further acquisition of subsidiaries	41 (a)	(50.6)	(43.3)
Increase in borrowings		41,486.8	37,099.4
Repayment of borrowings		(40,549.0)	(34,381.2)
Redemption of perpetual capital securities		–	(2,343.6)
Principal elements of lease payments		(122.2)	(199.6)
Interest paid for the lease liabilities		(20.3)	(20.7)
Interest paid		(1,954.8)	(2,280.2)
Interest paid to holders of perpetual capital securities		–	(12.7)
Dividends paid to shareholders of the Company	44 (a)	(6,531.0)	(6,531.0)
Dividends paid to non-controlling shareholders		(649.6)	(594.4)
Purchase of shares held for share award scheme		(40.2)	–
Proceeds from exercise of share options		34.0	–
Net cash used in financing activities		(7,900.7)	(9,205.7)
Net increase/(decrease) in cash and cash equivalents		44.3	(2,512.6)
Cash and cash equivalents at 1st January		6,271.5	8,972.1
Effect of foreign exchange rate changes		232.1	(188.0)
Cash and cash equivalents at 31st December		6,547.9	6,271.5
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		5,998.0	5,771.6
Time deposits up to three months		549.9	499.9
		6,547.9	6,271.5

The notes on pages 123 to 236 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

The Hong Kong and China Gas Company Limited (the "Company") and its subsidiaries (collectively, the "Group") have been diversified into different fields of businesses and principally engage in the production, distribution and marketing of gas and its extended businesses, water supply and waste treatment, renewable energy businesses and advanced fuels businesses in Hong Kong and the mainland of the People's Republic of China (the "PRC"). The Group is also engaged in property development and investment activities in Hong Kong.

The Company is a limited liability company incorporated and domiciled in Hong Kong and listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is 23rd Floor, 363 Java Road, North Point, Hong Kong.

2 Summary of material accounting policies

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

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with HKFRS Accounting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets and liabilities at fair value through profit or loss ("FVPL"), financial assets and liabilities at fair value through other comprehensive income ("FVOCI") and derivative financial instruments, which are carried at fair value.

As at 31st December 2025, the Group was in a net current liabilities (including assets held-for-sale and liabilities directly associated with assets held-for-sale) position of approximately HK$14.2 billion, which included the borrowings of approximately HK$16.8 billion that are repayable within one year from the end of the reporting period. Taking into consideration the Group's available facilities, history of obtaining external financing and the Group's expected cash flows from operations, management believes that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(i) Amendments to standards adopted in 2025

The Group has adopted the following amendments to standards which are effective for the Group's financial year beginning 1st January 2025 and relevant to the Group.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability

The adoption of the amendments to standards has no material impact on the Group's results and financial position or any substantial changes in the Group's accounting policies.

2 Summary of material accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) New, amendments and interpretations to existing standards which are not yet effective for the year ended 31st December 2025 but relevant to the Group and have not been early adopted by the Group

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

(1) Effective for annual periods beginning 1st January 2026

(2) Effective for annual periods beginning 1st January 2027

(3) To be determined

Except as described below, the directors of the Company anticipate that the application of all new, amendments and interpretations to existing standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some paragraphs in HKAS 1 have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" 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 the related amendments to other standards, will be effective for annual periods beginning on or after 1st January 2027, with early application permitted. 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.

2 Summary of material accounting policies *(Continued)*

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st December.

(i) Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with HKFRS 9 in the profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's net identifiable assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss.

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

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

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment. Cost also includes direct attributable cost of investment. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 Summary of material accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or a financial asset. In addition, any amounts previously recognised in the other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in the other comprehensive income are reclassified to the profit or loss.

(iv) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in the other comprehensive income is reclassified to the profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in the other comprehensive income is recognised in the other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses in associates are recognised in the profit or loss.

In the Company's statement of financial position, the investment in an associate is stated at the cost less provision for impairment. The result of the associate is accounted for by the Company on the basis of dividend received and receivable.

2 Summary of material accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(v) Joint ventures

Joint ventures are joint ventures whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. Investments in joint ventures are accounted for by the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in joint ventures includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in a joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in the other comprehensive income is reclassified to the profit or loss where appropriate.

The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in the other comprehensive income is recognised in the other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses in joint ventures are recognised in the profit or loss.

In the Company's statement of financial position, the investments in joint ventures are stated at cost less provision for impairment. The results of joint ventures are accounted for by the Company on the basis of dividend received and receivable.

2 Summary of material accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(vi) Joint operation

A joint operation is a joint arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognises its interest in the joint operation by combining the assets, liabilities, revenues and expenses attributable to its interest with similar items on a line-by-line basis. Consistent accounting policies are applied for like transactions and events in similar circumstances.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management members that makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

All foreign exchange gains and losses are presented in the income statement on a net basis within other gains, net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as FVOCI are recognised in other comprehensive income.

2 Summary of material accounting policies *(Continued)*

(d) Foreign currency translation *(Continued)*

(iii) Group companies

The results and financial position of all the Group entities, including associates and joint ventures, (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment. The capitalised costs in respect of capital work in progress include direct materials, direct labour costs, subcontracting costs, capitalised borrowing costs and other direct overheads. Capital work in progress is transferred to relevant categories of property, plant and equipment upon completion of their respective work.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance incurred in restoring property, plant and equipment to their normal working condition are charged to the profit or loss.

2 Summary of material accounting policies *(Continued)*

(e) Property, plant and equipment *(Continued)*

Depreciation of property, plant and equipment is calculated on a straight-line basis to allocate the cost less accumulated impairment of each component of the asset to its residual value over its estimated useful life as follows:

Production plant and related equipment	10 – 40 years
Vehicles, office furniture and equipment	5 – 15 years
Gas mains and risers	25 – 40 years
Water mains	30 – 50 years
Gasholders, office, store and buildings	20 – 40 years
Meters and installations	5 – 30 years
Oil properties	Based on the unit-of-production method utilising only estimated oil reserves as the depletion base
Others	5 – 30 years
Capital work in progress	No depreciation

The assets' residual values and useful lives are reviewed (with the consideration of the impact of climate change), and adjusted if appropriate, at each date of statement of financial position.

Gain or loss on disposal of a property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in the profit or loss.

(f) Investment property

Property owned or held by the lessee as a right-of-use asset that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market value, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed in accordance with the HKIS Valuation Standards (2024 Edition) published by The Hong Kong Institute of Surveyors ("HKIS"). These valuations are reviewed annually by qualified valuers. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit or loss during the financial period in which they are incurred.

Changes in fair values are recognised in the profit or loss.

2 Summary of material accounting policies *(Continued)*

(f) Investment property *(Continued)*

Property that is being constructed or developed for future use as investment property is classified as investment properties and measured at fair value unless fair value cannot be reliably determined. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in the profit or loss.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment, the gain is recognised in the profit or loss.

(g) Leases

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

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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

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

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

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

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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

2 Summary of material accounting policies *(Continued)*

(g) Leases *(Continued)*

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease income from operating leases where the Group is a lessor is recognised in the profit or loss on a straight-line basis over the lease term.

(h) Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries, associates and joint ventures at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill arising on an acquisition of an associate or a joint venture is included in the cost of the investment of the relevant associate or joint venture. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on separately recognised goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Separately recognised goodwill is allocated to cash-generating units, primarily individual projects, for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over the period of the relevant right from 15 years to 50 years.

Other intangible assets with indefinite useful lives are not amortised. The useful life of these intangibles is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable.

(i) Impairment of investments in subsidiaries, associates, joint ventures and non-financial assets

Goodwill are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than separately recognised goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of material accounting policies *(Continued)*

(j) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following categories: those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

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

(iii) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as FVOCI where assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the profit or loss and recognised in other gains, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains, net and impairment expenses are presented as separate line item in the income statement.

2 Summary of material accounting policies *(Continued)*

(j) Investments and other financial assets *(Continued)*

(iii) Measurement (Continued)

Equity instruments

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

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

(iv) Impairment

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, with further details set out in note 29.

(k) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 25. Movements in the hedging reserve in shareholders' equity are shown in note 36. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

2 Summary of material accounting policies *(Continued)*

(k) Derivative financial instruments and hedging activities *(Continued)*

Cash flow hedge that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within other gains, net.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contracts related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contracts that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contracts (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contracts are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects the profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in the profit or loss as the hedged item affects the profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in the profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the profit or loss.

2 Summary of material accounting policies *(Continued)*

(l) Inventories

Inventories comprise stores and materials and work in progress and are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises materials, direct labour and an appropriate proportion of overheads. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(m) Contract assets and contract liabilities

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

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

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfied its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets, if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the profit or loss to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that relate directly to providing those goods or services that have not been recognised as expenses.

(n) Construction contracts

Contract costs are recognised as expenses in the period in which they are incurred.

When the outcome of a construction contract cannot be reasonably measured, but the Group expects to recover the costs incurred in satisfying the performance obligation, contract revenue is recognised only to the extent of contract costs incurred that are expected to be recovered until such time that the outcome of the performance obligation can be reasonably measured.

When the outcome of a construction contract can be reasonably measured, contract revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

2 Summary of material accounting policies *(Continued)*

(o) Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is no reasonable expectation of recovery.

(p) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, cash and cash equivalents are presented as time deposits up to three months, cash and bank balances in current assets and bank overdrafts are included in borrowings in current liabilities.

(q) Trade payables

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

(r) Borrowings and borrowing costs

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

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

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

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification.

Timing of when share settlement can take place does not affect the classification of the host liability as current or non-current if liabilities, which can be settled in a company's own shares at the option of the counterparty, consisting of conversion option satisfying the "fixed for fixed" criteria in HKAS 32 and recognised separately as an equity component. Liabilities, which can be settled in a company's own shares at the option of the counterparty, but neither consisting of conversion option satisfying "fixed for fixed" criteria in HKAS 32 nor being recognised separately as an equity component, would be classified as current or non-current liabilities depending on the timing of when share settlement can take place.

2 Summary of material accounting policies *(Continued)*

(r) Borrowings and borrowing costs *(Continued)*

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit or loss in the year in which they are incurred.

Convertible bonds

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

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

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

(s) Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity. In this case, the tax is also recognised in the other comprehensive income or directly in equity.

The current taxation is calculated on the basis of the tax laws enacted or substantively enacted at the date of statement of financial position in the jurisdictions where the Company, its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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

2 Summary of material accounting policies *(Continued)*

(s) Current and deferred taxation *(Continued)*

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(t) Revenue and income recognition

(i) Gas sales – recognised at point in time and based on gas consumption primarily derived from meter readings.

(ii) Construction and gas connection income – recognised overtime or at a point in time depending on the terms of the contracts and actual work performed.

(iii) Equipment sales – recognised at a point in time and upon completion of installation work or when equipment, materials and parts are delivered to customers and title has passed.

(iv) Maintenance and service charges – recognised over time when services are provided.

(v) Water sales – recognised at a point in time and based on water consumption primarily derived from meter readings.

(vi) Waste treatment sales – recognised at a point in time and based on the actual volume of waste treated.

(vii) Renewable energy sales – recognised when control of the energy has transferred to the customers, being at the point the energy is delivered to the customers.

(viii) Rental income – recognised on a straight-line accrual basis over the terms of lease agreements.

(ix) Interest income – recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(x) Dividend income – recognised when the right to receive payment is established.

Revenue is recognised when or as the control of the goods or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

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

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

2 Summary of material accounting policies *(Continued)*

(u) Employee benefits

Salaries, bonuses and paid annual leave are accrued in the year in which the associated services are rendered by employees to the Group.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The Group operates a number of defined contribution and one defined benefit retirement scheme and the assets of the schemes are held separately from those of the Group in independently administered funds. The retirement schemes are funded by payments from employees and by the Group, taking into account the recommendations of independent qualified actuaries.

(i) Defined contribution retirement schemes

The Group contributes to defined contribution retirement schemes and Mandatory Provident Fund schemes which are available to salaried employees in Hong Kong. The Group's contributions to these retirement schemes are calculated as a percentage of the employees' basic salaries or relevant income and are expensed as incurred. No forfeited contributions have been utilised by the Group to reduce the existing contributions.

For employees in the Chinese mainland, the Group contributes on a monthly basis to various defined contribution plans organised by the relevant municipal and provincial governments in the Chinese mainland based on a certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further constructive obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

(ii) Defined benefit retirement scheme

The Group also operates a defined benefit retirement scheme, namely the Workmen Retirement Scheme, in Hong Kong. The scheme provides benefit to employees based on final salary. The Group's net obligation in respect of the defined benefit retirement scheme is calculated separately for the scheme using the projected unit credit method. The benefit obligation is measured as the present value of the estimated future benefit that employees have earned for their service in the current and prior years using interest rates of government bonds which have terms to maturity approximating the terms of the related liability.

The current service cost of the defined benefit plan, recognised in the profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the profit or loss.

2 Summary of material accounting policies *(Continued)*

(v) Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events (such as climate change) not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events (such as climate change) not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Asset retirement obligations which meet the criteria of provisions are recognised as provisions and the amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements, while a corresponding addition to the related oil properties of an amount equivalent to the provision is also created. This is subsequently depleted as part of the costs of the oil properties. Interest expenses from the asset retirement obligations for each period are recognised with the effective interest method during the useful life of the related oil properties.

If the conditions for the recognition of the provisions are not met, the expenditures for the decommissioning, removal and site cleaning will be expensed in the profit or loss when occurred.

(w) Government grants

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

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown in other gains, net in the consolidated income statement.

3 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to manage and reduce certain risk exposures.

Risk management is carried out by Group Treasury Department (Group Treasury) under policies approved by the Treasury Committee, comprising all the executive directors of the Company. Group Treasury identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Treasury Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong, the Chinese mainland and Thailand and is exposed to foreign exchange risk arising from various unhedged currency exposures, primarily with respect to the United States dollars ("USD"), Renminbi ("RMB") and Thailand Baht ("THB"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group uses forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group has also entered into cross currency swap contracts to manage its exposure to foreign exchange risk from recognised liabilities, including medium-term notes denominated in foreign currencies. Group Treasury is responsible for managing the net position in each foreign currency by using external forward currency contracts and other suitable financial instruments.

Transactions denominated in the USD mainly arise from the Group's operation in Hong Kong. Pursuant to Hong Kong's Linked Exchange Rate System under which HKD is pegged to the USD, management considers there are no significant foreign exchange risks with respect to the USD. Furthermore, there are no significant transactions and recognised assets and liabilities of the Thailand business in currency other than THB. Management considers there is no significant foreign exchange risk from the Thailand business except for the translation from functional to presentation currency.

At 31st December 2025, if the RMB had weakened/strengthened by 2 per cent (2024: 2 per cent) against HKD with all other variables held constant, pre-tax profit for the year would have been HK$88.4 million (2024: HK$103.0 million) higher/lower.

(ii) Price risk

The Group is exposed to equity securities price risk for the listed equity investments held by the Group which are classified as financial assets at FVOCI and financial assets at FVPL of HK$1,190.3 million (2024: HK$1,308.5 million) and HK$1,352.0 million (2024: HK$1,102.6 million) respectively.

The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(a) Market risk (Continued)

(ii) Price risk (Continued)

Part of the Group's equity securities are publicly traded and are included in one of the following indexes: Hang Seng Index and Shanghai Stock Exchange A Share Index.

The table below summarises the impact of increases/decreases of the following indexes on the Group's pre-tax profit for the year and on other comprehensive income. The analysis is based on the assumption that the indexes had increased/decreased by 10 per cent (2024: 10 per cent) with all other variables held constant and all the Group's equity securities moved according to the historical correlation with the indexes.

	Impact on pre-tax profit		**Impact on other comprehensive income**	
	2025 HK$'M	2024 HK$'M	**2025 HK$'M**	2024 HK$'M
Hang Seng Index	**–**	–	**–**	9.4
Shanghai Stock Exchange A Share Index	**136.0**	109.8	**98.7**	100.5

Pre-tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as FVPL. Other comprehensive income would increase/decrease as a result of gains/losses on equity securities classified as FVOCI.

(iii) Cash flow and fair value interest rate risk

Financial instruments at fixed and variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk respectively. The Group's interest-bearing assets mainly comprise floating and fixed rate unrestricted bank deposits of HK$6,619.0 million (2024: HK$6,360.6 million). The Group's interest-bearing liabilities mainly comprises floating rate borrowings of HK$18,408.4 million (2024: HK$21,148.8 million), fixed rate borrowings of HK$41,292.2 million (2024: HK$36,273.4 million) and floating rate deposits received from customers of HK$1,508.1 million (2024: HK$1,493.0 million).

At 31st December 2025, if market interest rates on unrestricted bank deposits had been 100 basis points (2024: 100 basis points) higher/lower with all other variables held constant, pre-tax profit for the year would have been HK$79.6 million (2024: HK$84.7 million) higher/lower, mainly as a result of higher/lower interest income on floating rate unrestricted bank deposits.

At 31st December 2025, if market interest rates on borrowings and customers' deposits had been 100 basis points (2024: 100 basis points) higher/lower with all other variables held constant, pre-tax profit for the year would have been HK$224.7 million (2024: HK$244.1 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings and customers' deposits.

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk

Credit risk of the Group mainly arises from:

	2025 HK$'M	2024 HK$'M
Cash and unrestricted bank deposits	6,619.0	6,360.6
Debt securities and derivative financial instruments	110.5	182.1
Trade receivables	5,385.2	5,130.4
Other receivables	3,053.6	4,628.8
Loans and other receivables from associates	1,482.1	1,263.5
Loans and other receivables from joint ventures	1,631.7	494.7
Loan and other receivables from non-controlling shareholders	141.6	147.8
Other non-current assets	4,202.8	3,999.7

The Group has no significant concentrations of credit risk. The Group has credit policy to handle credit risk of customers. There is no significant concentration of sales to any individual customer. The top five largest customers account for less than 30 per cent of the total revenues. Furthermore, security deposits are required for gas customers. This also applies to the Chinese mainland associates and joint ventures where there is no significant concentration of sales to any individual customer. Other non-current assets mainly represent aviation fuel facility construction receivable. Management considered that counterparty default risk is low and there is no history of default in repayment. Debt securities, derivative financial instruments entered with financial institutions and cash transactions counter parties are mostly with good credit rating of investment grade or above. The Group has policies that limit the amount of credit exposure to any one financial institution.

The Group monitors the exposure to credit risk in respect of the financial assistance provided to its joint ventures and associates through exercising joint control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk (Continued)

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates is as follows:

	2025 %	2024 %
Cash and bank deposits		
AA	0.2	1.2
A	80.5	67.3
BBB	9.2	21.6
Unrated	10.1	9.9
	100.0	100.0
Debt securities		
AA	100.0	26.8
Unrated	–	73.2
	100.0	100.0
Derivative financial instruments		
AA	–	2.6
A	100.0	97.4
	100.0	100.0

Credit ratings are quoted from Bloomberg.

Credit quality of loans and other receivables from associates, loans and other receivables from joint ventures, other non-current assets and trade and other receivables are disclosed in notes 21, 22, 27 and 29 respectively to the consolidated financial statements.

The Group has several types of financial assets that are subject to the expected credit loss model, including trade receivables, other receivables, loans and other receivables from associates, joint ventures and non-controlling shareholders, aviation fuel facility construction receivable and debt investments carried at amortised cost or FVOCI. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk (Continued)

Trade receivables and contract assets

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for trade receivables and contract assets. The expected credit loss provision rates for trade receivables and contract assets are based on historical payment profiles and historical credit loss experience, adjusted to reflect, where relevant and appropriate, current and information specific to the debtors, future economic and market conditions and forward-looking information on macroeconomic factors (e.g. Gross Domestic Product) affecting the ability of the debtors to settle the receivables that the Group considers are reasonable and appropriate.
To measure the expected credit losses, trade receivables and contract assets have been grouped based on the days past due. The gross carrying amount of the trade receivables, contract assets and the loss allowance provision analysed by aging band are set out below:

	Current	1-30 days	31-60 days	61-90 days	Over 90 days	Total
31st December 2025						
Expected loss rate	0.2%	1.7%	3.6%	5.8%	44.5%	6.9%
Gross carrying amount – trade receivables and contract assets (HK$'M)	5,467.5	336.3	112.6	81.3	1,032.5	7,030.2
Loss allowance (HK$'M)	8.6	5.8	4.0	4.7	459.5	482.6

	Current	1-30 days	31-60 days	61-90 days	Over 90 days	Total
31st December 2024						
Expected loss rate	0.2%	1.2%	2.2%	3.8%	40.9%	5.5%
Gross carrying amount – trade receivables and contract assets (HK$'M)	5,960.4	227.6	82.6	75.5	942.6	7,288.7
Loss allowance (HK$'M)	10.6	2.7	1.8	2.9	385.9	403.9

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The closing loss allowances for trade receivables and contract assets as at 31st December 2025 and 2024 reconcile to the opening loss allowances as follows:

	Loss allowance for trade receivables and contract assets	
	2025 HK$'M	2024 HK$'M
At 1st January	**403.9**	346.4
Increase in loss allowance recognised in the profit or loss (note 10)	**76.8**	75.6
Receivables written off as uncollectible	**(7.7)**	(6.0)
Unused amount reversed	**(1.9)**	(1.3)
Exchange differences	**11.5**	(10.8)
At 31st December (note 29(a))	**482.6**	403.9

A provision for impairment is established when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments after certain periods of time.

Other receivables, loans and other receivables from associates, joint ventures and non-controlling shareholders, and aviation fuel facility construction receivable

Impairment on other receivables, loans and other receivables from associates, joint ventures and non-controlling shareholders, and aviation fuel facility construction receivable are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then loss allowance is measured as lifetime expected credit losses.

Save as disclosed elsewhere, the Group applies 12-month expected credit loss model under HKFRS 9 and considers there is no significant increase in credit risk since initial recognition. In 2025, the loss allowance for other receivables and loans and other receivables from associates, joint ventures and non-controlling shareholders as a result of applying the expected credit loss model was immaterial (2024: loss allowance of HK$79.8 million measured under a lifetime expected credit loss model was recognised for interest receivables from an associate).

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk (Continued)

Other financial investments

All of the Group's debt investments at FVOCI are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12-month expected credit losses. Management consider 'low credit risk' for most of the listed bonds to be an investment grade credit rating with at least one major rating agency. The issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Taking into account the ongoing dealings with counterparties and securities pledged by the counterparties, management consider 'low credit risk' for the derivative financial instruments.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping adequate free cash and credit lines available.

The Group determines that there is no significant liquidity risk in view of the adequate and stable sources of funds and unutilised banking facilities.

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

The table below analyses the Group's major financial liabilities into relevant maturity groupings based on the remaining period at the date of statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, except for derivative financial instruments. Non-interest-bearing balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year HK$'M	Between 1 and 2 years HK$'M	Between 2 and 5 years HK$'M	Over 5 years HK$'M
At 31st December 2025				
Trade and other payables	6,110.3	–	–	–
Loans and other payables to associates	71.5	–	–	–
Loans and other payables to joint ventures	170.5	–	342.4	–
Loans and other payables to non-controlling shareholders	110.0	159.6	–	–
Borrowings	17,990.9	10,357.0	25,192.2	12,712.6
Lease liabilities	111.3	79.4	90.4	315.0
Derivative financial instruments	16.5	40.3	–	–
At 31st December 2024				
Trade and other payables	8,009.8	–	–	–
Loans and other payables to associates	264.1	–	–	–
Loans and other payables to joint ventures	480.7	–	141.7	–
Loans and other payables to non-controlling shareholders	52.7	167.3	–	–
Borrowings	15,770.0	16,321.3	19,635.0	15,028.9
Lease liabilities	115.6	77.7	65.8	90.8
Derivative financial instruments	80.2	65.5	21.7	–

The customers' deposits are not presented in the above liquidity analysis as management considers it is not practical to allocate the deposits into maturity groupings and the net movement in customers' deposits is not significant based on past experience.

3 Financial risk management *(Continued)*

Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, buy back existing shares, drawdown and repay borrowings, issue new shares, convertible bonds or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowing divided by total equity and net borrowing. Net borrowing is calculated as total borrowings less unrestricted time deposits, cash and bank deposits as shown in the consolidated statement of financial position.

The gearing ratios at 31st December 2025 and 2024 are as follows:

	2025 HK$'M	2024 HK$'M
Total borrowings	(59,700.6)	(57,422.2)
Less: Unrestricted time deposits, cash and bank deposits	6,619.0	6,360.6
Net borrowing	(53,081.6)	(51,061.6)
Total equity	(71,389.3)	(68,333.5)
Net borrowing	(53,081.6)	(51,061.6)
	(124,470.9)	(119,395.1)
Gearing ratio	43%	43%

3 Financial risk management *(Continued)*

Fair value estimation

The Group's financial instruments are measured in the consolidated statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at 31st December 2025 and 2024.

	Level 1		Level 2		Level 3		Total	
HK$'M	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
Financial assets								
Financial assets at FVPL								
– Debt securities	**–**	44.5	**–**	–	**–**	–	**–**	44.5
– Equity investments	**1,352.0**	1,102.6	**–**	1,330.0	**2,029.3**	289.2	**3,381.3**	2,721.8
Derivative financial instruments	**–**	–	**94.5**	121.3	**–**	–	**94.5**	121.3
Financial assets at FVOCI								
– Debt securities	**16.0**	16.3	**–**	–	**–**	–	**16.0**	16.3
– Equity investments	**1,190.3**	1,308.5	**–**	–	**404.7**	367.2	**1,595.0**	1,675.7
Total financial assets	**2,558.3**	2,471.9	**94.5**	1,451.3	**2,434.0**	656.4	**5,086.8**	4,579.6
Financial liability								
Derivative financial instruments	**–**	–	**51.1**	150.1	**5.7**	17.3	**56.8**	167.4
Total financial liability	**–**	–	**51.1**	150.1	**5.7**	17.3	**56.8**	167.4

In respect of an unlisted investment and its related derivatives of approximately HK$1.4 billion (2024: approximately HK$1.3 billion) in total as at 31st December 2025, management assessed the fair value based on a revised valuation technique. As the revised valuation technique involved significant unobservable inputs, a transfer from level 2 to level 3 was resulted during the year. Other than described above, there were no changes in valuation techniques during the year.

3 Financial risk management *(Continued)*

Fair value estimation *(Continued)*

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting year. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of cross currency swaps is calculated as the present value of the estimated future cash flows based on observable foreign exchange rates and yield curves.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is calculated as the present value of future cash flows based on the forward exchange rates at the end of the reporting period.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

- As at 31st December 2025, financial assets include a total of approximately HK$1.4 billion of an unlisted equity investment and its related derivatives, which are considered entirely as financial assets at fair value through profit or loss. The fair value is determined based on a market trending analysis, the binomial and the Black-Scholes models, adjusted for a discount for lack of control and a probability of enforceability of the related guarantee mechanism at the end of the reporting period, both are considered as the significant unobservable inputs. The fair value increases with a decrease in the discount for lack of control or an increase in the probability of the enforceability of the related guarantee mechanism.
- Financial assets also include unlisted equity investments of approximately HK$1.0 billion (2024: approximately HK$0.7 billion), the fair values of which are determined with reference to their attributable net assets values and recent comparable transaction price, where available, being significant unobservable inputs. The fair value increases with the increase in the attributable net assets value and recent comparable transaction price, where available.
- Financial liability includes embedded derivative component of convertible bonds of HK$5.7 million (2024: HK$17.3 million), the fair value of which is determined based on binomial option pricing model. The significant unobservable inputs include share price expected volatility of 26.8 per cent (2024: 32.6 per cent). The fair value of embedded derivative component of convertible bonds increases with the increase in the share price expected volatility.

3 Financial risk management *(Continued)*

Fair value estimation *(Continued)*

The following table presents the changes in level 3 instruments of the Group for the year ended 31st December 2025 and 2024:

	Financial assets		Financial liabilities	
	2025 HK$M	2024 HK$M	**2025 HK$M**	2024 HK$M
At 1st January	**656.4**	716.4	**17.3**	94.5
Additions	**327.6**	17.5	**–**	–
Disposals	**–**	(67.8)	**–**	–
Change in fair value	**19.7**	11.2	**(12.1)**	(75.6)
Exchange differences	**38.6**	(20.9)	**0.5**	(1.6)
Transfer from level 2	**1,391.7**	–	**–**	–
At 31st December	**2,434.0**	656.4	**5.7**	17.3

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances such as climate change. Management incorporates their assessment on the impact arising from the relevant global political and economic situation into their evaluation.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(a) Estimated impairment of assets

The Group tests annually whether goodwill has suffered any impairment or whenever events or changes in circumstances indicates that the carrying amount may not be recoverable. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amounts of the assets and cash-generating units have been determined based on the higher of fair value less costs of disposal and value in use calculations, and reflecting management's latest business plans and strategies in light of the latest market environment and the management's assessment on the business prospect thereof as of 31st December 2025. These calculations require the use of estimates which include key assumptions as detailed below:

4 Critical accounting estimates and judgements *(Continued)*

(a) Estimated impairment of assets *(Continued)*

City-gas, renewable energy and related businesses in the Chinese mainland

In respect of certain city-gas, renewable energy and related projects of the Group in the Chinese mainland (under gas, water and waste treatment, renewable energy, extended businesses and related businesses in the Chinese mainland segment), the Group assessed each of the projects' recoverable amounts by using the value in use method as at 31st December 2025. The key assumptions adopted in the assessments were future revenue growth and pre-tax discount rates of 8.0 per cent to 15.0 per cent (2024: 8.0 per cent to 15.5 per cent). Based on the results of the assessments, no impairment provision was recognised in the profit or loss for the year ended 31st December 2025 (2024: an impairment provision of HK$146.9 million against goodwill and property, plant and equipment of those projects held by certain subsidiaries of the Group). Assuming the discount rates increased by 50 basis points with all other variables held constant, the impairment loss to be recognised on goodwill or property, plant and equipment held by certain subsidiaries of the Group individually, if any, would not be material to the Group.

In respect of the goodwill impairment assessment, the key assumptions adopted in the value in use calculation are set out in note 19.

Data centre in Hong Kong

In respect of the data centre of the Group in Hong Kong (under other segments), the Group assessed the recoverable amount by using the fair value less costs of disposal method as at 31st December 2025. The key assumptions adopted in the assessment were future revenue growth and a post-tax discount rate of 8.5 per cent (2024: 8.5 per cent). Based on the results of the assessment, no impairment provision against property, plant and equipment of the project was recognised in the profit or loss for the year ended 31st December 2025 (2024: same). Assuming the discount rate increased by 50 basis points with all other variables held constant, the recoverable amount calculated would not result in a material impairment loss to the Group.

Oil field project in Thailand

In respect of the oil field project of the Group in Thailand (under other segments), the Group assessed the recoverable amount by using the fair value less costs of disposal method as at 31st December 2025. The key assumptions adopted in the assessment were future revenue growth and a post-tax discount rate of 10.5 per cent. Based on the results of the assessment, no material impairment provision against property, plant and equipment of the project was recognised in the profit or loss for the year ended 31st December 2025 (2024: same). Assuming the discount rate increased by 50 basis points with all other variables held constant, the recoverable amount calculated would not result in a material impairment loss to the Group.

4 Critical accounting estimates and judgements *(Continued)*

(b) Property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. For cost incurred and capitalised as property, plant and equipment, management assessed whether the Group retains the risk and reward in relation to the capitalised costs with rights over those assets and a potential to produce economic benefits and whether the Group has effective control over those assets based on relevant regulations and the terms as stipulated in the relevant agreements, where applicable.

(c) Estimate of gas and water consumption

Revenue for gas and water supply may include an estimation of the gas and water supplied to the customers of which actual meter reading is not available. The estimation is done mainly based on the past consumption records and recent consumption pattern of the customers. As of the year-end date, the overall billed gas and water sales are in line with the gas and water supplied to the customers.

(d) Recognition of gas connection income and allocation of transaction price

Critical judgements in recognising revenue

When gas connection income is recognised over time, the progress towards complete satisfaction of the performance obligation is measured using input method. Management are required to exercise significant judgement in their review and revision of the estimates of the total contract costs and actual costs incurred up to the end of the reporting period for each contract as the contract progresses, based on past experience and specific circumstances.

Critical judgements in allocating the transaction price

Some gas connection contracts include installation services. Because these contracts include performance obligations, the transaction price must be allocated to the performance obligations on a relative stand-alone selling price basis.

Management estimates that the stand-alone selling price at contract inception based on expected cost plus a margin approach for installation services and residual approach for connection services.

5 Segment information

The Group's principal activities are the production, distribution and marketing of gas and related products or services, water supply and waste treatment, renewable energy businesses, extended businesses and advanced fuels businesses ("Green Fuels", formerly known as "Green Energy") in Hong Kong and the Chinese mainland. The revenue comprises the following:

	2025 HK$'M	2024 HK$'M (restated)
Gas sales before fuel cost adjustment	40,472.7	40,479.5
Fuel cost adjustment	1,062.0	1,045.9
Gas sales after fuel cost adjustment	41,534.7	41,525.4
Gas connection income	2,202.8	2,897.4
Equipment sales and maintenance services	3,685.4	3,922.9
Water, waste treatment and related sales	1,603.5	1,665.9
Renewable energy businesses	1,645.9	1,863.5
Other sales	3,654.0	3,597.7
	54,326.3	55,472.8

Note

Certain comparative figures have been reclassified to conform to the current year's presentation.

The chief operating decision-maker has been identified as the executive management members (the "EMM") of the Company. The EMM reviews the Group's internal reporting in order to assess performance and allocate resources. The EMM considers the business from both product and geographical perspectives. From a product perspective, management assesses the performance of (a) gas, water and waste treatment, renewable energy, extended businesses and related businesses; (b) Green Fuels and (c) property business. Gas, water and waste treatment, renewable energy, extended businesses and related businesses are further evaluated on a geographic basis (Hong Kong and the Chinese mainland).

The EMM assesses the performance of the operating segments based on a measure of adjusted profit before interest, tax, depreciation and amortisation (the "adjusted EBITDA"). Other information provided, except as noted below, to the EMM is measured in a manner consistent with that in the consolidated financial statements.

5 Segment information *(Continued)*

The segment information for the year ended 31st December 2025 and 2024 provided to the EMM for the reportable segments is as follows:

2025 HK$'M	Gas, water and waste treatment, renewable energy, extended businesses and related businesses Hong Kong	 Chinese mainland	Green Fuels	Property	Other segments	Total
Revenue recognised at a point in time	10,915.5	40,825.2	396.2	–	36.0	52,172.9
Revenue recognised over time	7.3	664.7	–	–	831.0	1,503.0
Finance and rental income	586.1	–	–	64.3	–	650.4
	11,508.9	41,489.9	396.2	64.3	867.0	54,326.3
Adjusted EBITDA	5,795.3	6,163.4	15.4	35.5	21.8	12,031.4
Depreciation and amortisation	(860.8)	(2,580.7)	(68.6)	–	(292.8)	(3,802.9)
Unallocated expenses						(96.4)
						8,132.1
Other gains, net (note 7)						417.6
Interest expense						(1,971.9)
Share of results of associates (note (a))	–	1,263.5	(141.5)	336.0	1.0	1,459.0
Share of results of joint ventures	–	593.1	(34.7)	10.9	(0.3)	569.0
Profit before taxation						8,605.8
Taxation						(1,890.9)
Profit for the year						6,714.9

99% (2024: 98%) of the gas fuel, stores and materials costs are incurred by gas, water and waste treatment, renewable energy, extended businesses and related businesses.

Notes

(a) Share of results of associates includes a decrease of HK$30.9 million (2024: an increase of HK$78.6 million) being the Group's shared change in valuation of investment properties at the International Finance Centre complex for the year.

5 Segment information *(Continued)*

2024 HK$'M (restated) (note (b))	Gas, water and waste treatment, renewable energy, extended businesses and related businesses Hong Kong	 Chinese mainland	Green Fuels	Property	Other segments	Total
Revenue recognised at a point in time	10,688.0	41,618.8	641.3	–	88.8	53,036.9
Revenue recognised over time	7.2	1,006.8	–	–	791.0	1,805.0
Finance and rental income	563.5	–	–	67.4	–	630.9
	11,258.7	42,625.6	641.3	67.4	879.8	55,472.8
Adjusted EBITDA	5,526.3	6,349.4	(165.3)	40.6	72.8	11,823.8
Depreciation and amortisation	(861.4)	(2,359.5)	(120.4)	–	(202.5)	(3,543.8)
Unallocated expenses						(102.1)
						8,177.9
Other gains, net (note 7)						489.4
Interest expense						(2,257.1)
Share of results of associates	–	1,139.8	(79.5)	415.5	(9.1)	1,466.7
Share of results of joint ventures	–	611.2	–	10.9	(8.6)	613.5
Profit before taxation						8,490.4
Taxation						(1,729.2)
Profit for the year						6,761.2

5 Segment information *(Continued)*

The segment assets at 31st December 2025 and 2024 are as follows:

2025 HK$'M	Gas, water and waste treatment, renewable energy, extended businesses and related businesses Hong Kong	 Chinese mainland	Green Fuels	Property	Other segments	Total
Segment assets	22,778.2	103,919.6	7,296.2	16,276.9	7,205.5	157,476.4
Unallocated assets:						
Financial assets at FVOCI						1,611.0
Financial assets at FVPL						3,381.3
Time deposits, cash and bank balances excluded from segment assets						663.0
Others (note (c))						423.4
Total assets						163,555.1

2024 HK$'M (restated) (note (b))	Gas, water and waste treatment, renewable energy, extended businesses and related businesses Hong Kong	 Chinese mainland	Green Fuels	Property	Other segments	Total
Segment assets	22,602.6	98,960.4	7,589.7	16,369.9	7,045.1	152,567.7
Unallocated assets:						
Financial assets at FVOCI						1,692.0
Financial assets at FVPL						2,766.3
Time deposits, cash and bank balances excluded from segment assets						804.5
Others (note (c))						438.1
Total assets						158,268.6

Notes

(b) Certain comparative figures have been reclassified due to the change of the internal organisational structure of the Group.

(c) Other unallocated assets mainly include other receivables other than those included under segment assets, retirement benefit assets, derivative financial instruments and loan and other receivables from non-controlling shareholders.

No liabilities are included in the internal reporting that are used by the EMM to assess performance and allocate resources. Accordingly, no segment liabilities are presented.

5 Segment information *(Continued)*

Notes *(Continued)*

The Company is domiciled in Hong Kong. The Group's revenue from external customers in Hong Kong for the year ended 31st December 2025 is HK$12,373.8 million (2024: HK$12,084.9 million), and the revenue from external customers in the Chinese mainland and other geographical locations is HK$41,952.5 million (2024: HK$43,387.9 million).

At 31st December 2025, the total of non-current assets other than financial instruments located in Hong Kong is HK$36,281.9 million (2024: HK$36,175.6 million), and the total of non-current assets other than financial instruments located in the Chinese mainland and other geographical locations is HK$99,539.0 million (2024: HK$94,503.8 million).

For the years ended 31st December 2025 and 2024, the percentage of revenues attributable to the Group's five largest customers is less than 30 per cent and none of the individual customers of the Group contributed 10% or more of the Group's revenue.

6 Total operating expenses

	2025 HK$'M	2024 HK$'M (restated)
Gas fuel, stores and materials used	33,328.7	33,463.8
Manpower costs (note 11)	4,215.7	4,100.0
Depreciation and amortisation	3,802.9	3,567.9
Other operating items	4,846.9	6,163.2
	46,194.2	47,294.9

7 Other gains, net

	2025 HK$'M	2024 HK$'M
Gain on disposal and deemed disposal of subsidiaries and associates, net	228.1	214.4
Remeasurement loss on assets classified as held-for-sale (note 43)	(21.7)	–
Impairment losses for assets (note)	–	(178.3)
Net investment gains, including exchange differences (note 8)	198.7	414.2
Change in fair value of embedded derivative component of convertible bonds (note 32(b))	12.2	75.6
Fair value loss on investment property (note 17)	(2.0)	(34.5)
Ineffective portion on cash flow hedges (note 25)	2.3	(2.0)
	417.6	489.4

Note

The amount represents impairment provision against goodwill, property, plant and equipment and intangible asset of HK$178.3 million for the year ended 31st December 2024 primarily due to under-performance with decline in future cash flows of city-gas projects in the Chinese mainland.

8 Net investment gains

	2025 HK$'M	2024 HK$'M
(a) Interest income		
Bank deposits	66.6	152.3
Listed financial assets at FVOCI	–	0.8
Listed financial assets at FVPL	–	1.1
Loans to associates and joint ventures	21.1	44.8
Others	5.2	10.7
	92.9	209.7
(b) Net realised and unrealised gains/(losses) on financial assets at FVPL and derivative financial instruments		
Listed securities	193.0	(4.0)
Unlisted securities	2.4	31.6
Exchange differences	–	(1.1)
	195.4	26.5
(c) Net realised and unrealised (losses)/gains on financial assets at FVOCI		
Listed securities	–	0.4
Exchange differences	–	(0.5)
	–	(0.1)
(d) Dividend income		
Listed financial assets at FVOCI	44.1	44.3
Unlisted financial assets at FVOCI	60.2	65.4
Listed financial assets at FVPL	18.7	40.0
	123.0	149.7
(e) Exchange (losses)/gains	(212.6)	28.4
	198.7	414.2

9 Interest expense

	2025 HK$'M	2024 HK$'M
Interest on bank and other loans wholly repayable within five years	1,067.5	1,339.1
Interest on guaranteed notes wholly repayable within five years	699.8	532.8
Interest on guaranteed notes not wholly repayable within five years	243.1	408.2
Interest on convertible bonds (note 32(b))	84.0	81.6
Interest on lease liabilities	20.3	20.7
	2,114.7	2,382.4
Less: amount capitalised	(142.8)	(125.3)
	1,971.9	2,257.1

The interest expense is capitalised at average rates from 2.7 per cent to 4.7 per cent (2024: 2.9 per cent to 4.8 per cent) per annum.

10 Profit before taxation

Profit before taxation is stated after charging and (crediting) the following:

	2025 HK$'M	2024 HK$'M
Cost of inventories sold	35,813.0	33,086.4
Depreciation and amortisation	3,802.9	3,567.9
Loss on disposal/write off of property, plant and equipment	46.4	67.3
Impairment loss of trade receivables (note 3(b))	76.8	75.6
Rental income from investment property		
– gross rental income	(64.2)	(67.3)
– outgoing expenses	28.3	26.5
Principal auditor's remuneration		
– audit services	15.7	15.3
– non-audit services	10.3	9.9
Net loss on residential maintenance (note)	102.8	110.3
Note		
Analysis of net loss on residential maintenance:		
Residential maintenance revenue	(236.2)	(226.6)
Less expenses:		
Manpower costs	198.1	195.5
Other operating and administrative expenses	140.9	141.4
Net loss	102.8	110.3

11 Manpower costs

(a) Staff costs

	2025 HK$'M	2024 HK$'M (restated)
Salaries and wages	3,687.7	3,582.4
Pension costs – defined contribution retirement schemes	523.5	511.0
Pension costs – defined benefit retirement scheme (note 26)	4.5	6.6
	4,215.7	4,100.0

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2024: three) directors whose emoluments are reflected in the analysis shown in note 12. Details of the emoluments payable to the remaining two (2024: two) individuals during the year are as follows:

	2025 HK$'M	2024 HK$'M
Fee, salaries, allowances and benefits in kind	7.5	7.0
Performance bonus	9.1	7.0
Contributions to retirement scheme	2.0	2.4
Incentive payments	–	6.1
	18.6	22.5

Number of individuals whose emoluments fell within:

Emoluments band (HK$'M)	2025	2024
13.0 – 13.5	–	1
9.5 – 10.0	1	1
9.0 – 9.5	1	–

(c) Emoluments of senior management

Senior management for the years ended 31st December 2025 and 2024 were all executive directors of the Company whose emoluments have been shown in note 12.

12 Benefits and interests of directors

(a) Directors' emoluments

Name of director	Emoluments paid or payable to every director whether of the Company or its subsidiary undertaking					
	Fees HK$'M	Salary, allowances and benefits in kind HK$'M	Performance Bonus (note (v)) HK$'M	Contributions to retirement scheme HK$'M	Incentive Payments (note (v)) HK$'M	Total HK$'M
2025						
Peter Wong Wai-yee (Managing Director) (note (i))	0.5	7.1	17.2	5.8	0.1	30.7
Edmund Yeung Lui-ming (note (i))	0.3	6.6	5.9	2.0	0.1	14.9
Alan Chan Ying-lung (note (i))	0.3	5.8	5.3	1.8	0.1	13.3
Colin Lam Ko-yin	0.3	0.1	–	–	–	0.4
Lee Ka-kit (note (i))	1.0	0.6	–	–	–	1.6
Lee Ka-shing	0.7	0.6	–	–	–	1.3
David Li Kwok-po	0.7	0.1	–	–	–	0.8
Poon Chung-kwong	0.7	-	–	–	–	0.7
Moses Cheng Mo-chi	0.8	-	–	–	–	0.8
Andrew Fung Hau-chung	0.3	-	–	–	–	0.3
Anna Wong Wai-kwan	0.8	-	–	–	–	0.8
	6.4	20.9	28.4	9.6	0.3	65.6

12 Benefits and interests of directors *(Continued)*

(a) Directors' emoluments *(Continued)*

Name of director	Emoluments paid or payable to every director whether of the Company or its subsidiary undertaking					
	Fees HK$'M	Salary, allowances and benefits in kind HK$'M	Performance Bonus (note (v)) HK$'M	Contributions to retirement scheme HK$'M	Incentive Payments (note (v)) HK$'M	Total HK$'M
2024						
Peter Wong Wai-yee (Managing Director) (note (i))	0.5	7.5	17.3	5.7	6.4	37.4
Edmund Yeung Lui-ming (note (i) and (ii))	0.3	6.4	5.9	1.9	1.8	16.3
Alan Chan Ying-lung (note (i) and (iii))	0.1	3.0	2.8	0.9	1.6	8.4
Colin Lam Ko-yin	0.3	0.2	–	–	–	0.5
Lee Ka-kit (note (i))	1.0	0.4	–	–	–	1.4
Lee Ka-shing	0.7	0.4	–	–	–	1.1
David Li Kwok-po	0.7	0.1	–	–	–	0.8
Poon Chung-kwong	0.7	–	–	–	–	0.7
Moses Cheng Mo-chi	0.7	–	–	–	–	0.7
Andrew Fung Hau-chung	0.3	–	–	–	–	0.3
Anna Wong Wai-kwan (note (iv))	0.4	–	–	–	–	0.4
	5.7	18.0	26.0	8.5	9.8	68.0

12 Benefits and interests of directors *(Continued)*

(a) Directors' emoluments *(Continued)*

Notes

(i) The above emoluments included Mr. Peter Wong Wai-yee, Mr. Edmund Yeung Lui-ming, Mr. Alan Chan Ying-lung and Dr. Lee Ka-kit each received directors' emoluments from Towngas Smart Energy, a significant subsidiary of the Group, of approximately HK$8.9 million, nil, nil, HK$0.3 million (2024: HK$15.2 million, HK$1.8 million, HK$1.6 million and HK$0.3 million) respectively.

(ii) Mr. Edmund Yeung Lui-ming was appointed as Executive Director on 1st January 2024.

(iii) Mr. Alan Chan Ying-lung was appointed as Executive Director on 25th June 2024. For the period from 1st January to 24th June 2024, in the role of Chief Investment Officer, Mr. Alan Chan Ying-lung had a remuneration of approximately HK$5.6 million from the Group, including salary, allowances and benefits in kind of HK$1.2 million, performance bonus of HK$2.7 million, contributions to retirement scheme of HK$0.1 million and incentive payments of HK$1.6 million.

(iv) Prof. Anna Wong Wai-kwan was appointed as Independent Non-executive Director on 25th June 2024.

(v) The performance bonus and incentive payments are determined by the Board from time to time with reference to directors' duties and responsibilities and the Group's performance and profitability. The incentive payments for the year ended 31st December 2025 and 31st December 2024 were settled in the form of share options and shares respectively during the year ended 31st December 2025.

The above remuneration paid to directors of the Company also represents the amount of short-term employee benefits of approximately HK$55.7 million (2024: HK$49.7 million), post-employment benefits of HK$9.6 million (2024: HK$8.5 million) paid to the Group's key management personnel during the year ended 31st December 2025. There were no other long-term benefits and termination benefits paid to the Group's key management during the year (2024: nil).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: nil).

13 Taxation

The amount of taxation charged to the profit or loss represents:

	2025 HK$'M	2024 HK$'M
Current taxation – provision for Hong Kong Profits Tax at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits for the year	799.5	822.1
Current taxation – provision for other jurisdictions income tax at the prevailing rates on the estimated assessable profits for the year	855.2	814.1
Current taxation – over provision in prior years	(14.7)	(131.0)
Deferred taxation – origination and reversal of temporary differences	177.4	153.4
Withholding tax	73.5	70.6
	1,890.9	1,729.2

The prevailing income tax rates of Hong Kong, the Chinese mainland and Thailand are 16.5 per cent (2024: 16.5 per cent), 15 per cent to 25 per cent (2024: 15 per cent to 25 per cent) and 50 per cent (2024: 50 per cent) respectively.

The Group is within the scope of the Organisation of Economic Co-operation and Development Pillar Two model rules. Under the model rules, the Group may be subject to a top-up tax if the effective tax rate of a jurisdiction is below 15%.

The Group applies the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

Based on the Group's assessment, no material top-up tax exposure is expected for the year ended 31st December 2025.

13 Taxation *(Continued)*

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2025 HK$'M	2024 HK$'M
Profit before taxation	8,605.8	8,490.4
Less: Share of results of associates	(1,459.0)	(1,466.7)
Share of results of joint ventures	(569.0)	(613.5)
	6,577.8	6,410.2
Calculated at a tax rate of 16.5% (2024: 16.5%)	1,085.3	1,057.7
Effect of different tax rates in other jurisdictions	222.0	213.6
Income not subject to taxation	(152.5)	(150.6)
Expenses not deductible for taxation purposes	515.9	513.6
Utilisation of previously unrecognised tax losses	(12.2)	(13.7)
Over provision in prior years	(14.7)	(131.0)
Withholding tax	73.5	70.6
Unrecognised tax losses and others	173.6	169.0
	1,890.9	1,729.2

Share of associates' taxation for the year ended 31st December 2025 of HK$576.2 million (2024: HK$468.6 million) is included in the profit or loss as share of results of associates.

Share of joint ventures' taxation for the year ended 31st December 2025 of HK$250.9 million (2024: HK$267.2 million) is included in the profit or loss as share of results of joint ventures.

14 Dividends

	2025 HK$'M	2024 HK$'M
Interim, paid of HK12 cents per ordinary share (2024: HK12 cents per ordinary share)	2,239.2	2,239.2
Final, proposed of HK23 cents per ordinary share (2024: HK23 cents per ordinary share)	4,291.8	4,291.8
	6,531.0	6,531.0

At a meeting held on 20th March 2026, the directors of the Company declared a final dividend of HK23 cents per ordinary share for the year ended 31st December 2025. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ended 31st December 2025.

15 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK$5,688.2 million (2024: HK$5,711.5 million) and the weighted average of 18,659,870,098 shares (2024: 18,659,870,098 shares) in issue during the year. As there were no dilutive potential ordinary shares of the Company outstanding during the year, the weighted average number of shares used in calculating diluted earnings per share is the same as calculating basic earnings per share.

	2025 HK$'M	2024 HK$'M
Earnings		
Profit attributable to shareholders for the purpose of basic earnings per share	5,688.2	5,711.5
Effect of dilutive potential ordinary shares of a subsidiary:		
Interests on convertible bonds, attributable to shareholders	58.2	55.8
Change in fair value of embedded derivative component of convertible bonds, attributable to shareholders	(8.4)	(51.7)
Reduction in share of a subsidiary's profits	(109.9)	(107.7)
Profit attributable to shareholders for the purpose of diluted earnings per share	5,628.1	5,607.9

16 Property, plant and equipment

	Buildings, plant and equipment HK$'M	Mains and risers HK$'M	Meters and installations HK$'M	Oil properties HK$'M	Others HK$'M	Capital work in progress HK$'M	Total HK$'M
Cost							
At 1st January 2025	34,632.3	57,782.0	5,198.7	2,974.3	400.5	8,986.4	109,974.2
Additions	1,389.5	454.6	366.6	2.2	19.1	2,940.7	5,172.7
Disposal of subsidiaries	(5,130.8)	–	–	–	(50.2)	(27.2)	(5,208.2)
Transfers from capital work in progress	1,406.2	2,574.6	86.4	–	–	(4,067.2)	–
Disposals/write off	(268.2)	(9.4)	(149.1)	(5.9)	(0.2)	(140.1)	(572.9)
Exchange differences	1,194.0	1,988.4	18.8	296.7	19.4	359.5	3,876.8
At 31st December 2025	33,223.0	62,790.2	5,521.4	3,267.3	388.6	8,052.1	113,242.6
Accumulated depreciation and impairment losses							
At 1st January 2025	15,438.0	16,904.8	3,962.8	1,325.1	262.2	1,305.3	39,198.2
Charge for the year	1,499.6	1,742.5	300.2	68.9	13.8	–	3,625.0
Disposal of subsidiaries	(2,193.7)	–	–	–	(11.0)	–	(2,204.7)
Disposals/write off	(260.9)	(3.9)	(121.8)	(1.7)	–	(116.1)	(504.4)
Exchange differences	501.6	508.9	7.2	108.2	2.1	53.8	1,181.8
At 31st December 2025	14,984.6	19,152.3	4,148.4	1,500.5	267.1	1,243.0	41,295.9
Net book value							
At 31st December 2025	18,238.4	43,637.9	1,373.0	1,766.8	121.5	6,809.1	71,946.7
At 31st December 2024	19,194.3	40,877.2	1,235.9	1,649.2	138.3	7,681.1	70,776.0

The additions to property, plant and equipment mainly included HK$1,027.4 million (2024: HK$955.9 million) and HK$4,102.0 million (2024: HK$5,437.6 million) in relation to gas, water and waste treatment, renewable energy, extended businesses and related businesses in Hong Kong and the Chinese mainland respectively. Remaining balance mainly included HK$20.6 million (2024: HK$61.9 million) in relation to Green Fuels segment and HK$22.7 million (2024: HK$54.5 million) in other segments.

Property, plant and equipment is allocated to an individual cash-generating unit to which the property, plant and equipment belongs. The Group tests property, plant and equipment for impairment if there are indicators that it might be impaired. For the purpose of an impairment test, the recoverable amount of the cash-generating unit is determined based on the higher of fair value less costs of disposal and value in use calculations. The key assumptions used in the impairment tests are set out in note 4(a).

16 Property, plant and equipment *(Continued)*

	Buildings, plant and equipment HK$'M	Mains and risers HK$'M	Meters and installations HK$'M	Oil properties HK$'M	Others HK$'M	Capital work in progress HK$'M	Total HK$'M
Cost							
At 1st January 2024	33,335.0	56,034.6	4,952.2	2,974.5	401.2	10,571.8	108,269.3
Additions	1,889.2	618.3	277.1	28.1	8.2	3,689.0	6,509.9
Transfer from right-of-use assets	85.2	–	–	–	–	–	85.2
Acquisition of subsidiaries	3.4	–	–	–	–	–	3.4
Disposal of subsidiaries	(1,849.6)	–	–	–	–	(38.3)	(1,887.9)
Transfers from capital work in progress	2,374.7	2,524.2	33.2	–	3.9	(4,936.0)	–
Disposals/write off	(340.6)	(32.8)	(53.5)	(3.6)	(0.2)	(57.3)	(488.0)
Exchange differences	(865.0)	(1,362.3)	(10.3)	(24.7)	(12.6)	(242.8)	(2,517.7)
At 31st December 2024	34,632.3	57,782.0	5,198.7	2,974.3	400.5	8,986.4	109,974.2
Accumulated depreciation and impairment losses							
At 1st January 2024	14,837.9	15,644.2	3,734.4	1,297.8	254.2	1,224.2	36,992.7
Charge for the year	1,453.4	1,592.8	275.9	35.8	10.9	–	3,368.8
Disposal of subsidiaries	(172.7)	–	–	–	–	–	(172.7)
Impairment	–	–	–	–	–	116.1	116.1
Disposals/write off	(261.2)	(8.1)	(42.9)	(0.5)	(0.2)	–	(312.9)
Exchange differences	(419.4)	(324.1)	(4.6)	(8.0)	(2.7)	(35.0)	(793.8)
At 31st December 2024	15,438.0	16,904.8	3,962.8	1,325.1	262.2	1,305.3	39,198.2
Net book value							
At 31st December 2024	19,194.3	40,877.2	1,235.9	1,649.2	138.3	7,681.1	70,776.0
At 31st December 2023	18,497.1	40,390.4	1,217.8	1,676.7	147.0	9,347.6	71,276.6

17 Investment property

	2025 HK$'M	2024 HK$'M
At 1st January	966.6	1,001.1
Fair value loss (note 7)	(2.0)	(34.5)
At 31st December	964.6	966.6

The Group's interest in the commercial investment property is located in Hong Kong under a land lease of over 50 years. The investment property was revalued at 31st December 2025 by an independent professionally qualified valuer, Knight Frank Petty Limited, which conforms to The HKIS Valuation Standards (2024 Edition) shown in note 2(f).

Fair value measurements using significant unobservable inputs

Fair value of completed commercial property in Hong Kong is generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuer's view of recent lettings, within the subject properties and other comparable properties.

Information about fair value measurements as at 31st December 2025 using significant unobservable inputs is as follows:

Unobservable inputs	Commercial complex	Car park	Relationship of unobservable inputs to fair value
Capitalisation rate	5.45% (2024: 5.45%)	5.35% (2024: 5.35%)	The higher the capitalisation rate, the lower the fair value
Monthly rent	HK$18.4/sq.ft. (2024: HK$18.5/sq.ft.)	N/A	The higher the market rent, the higher the fair value

Valuation processes of the Group

The Group's finance division includes a team that reviews and analyses the valuation performed by the independent valuer for financial reporting purposes. At each financial year end, the finance division:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared with the prior year valuation report;
- Holds discussions with the independent valuer.

18 Right-of-use assets

	Prepaid leasehold land HK$'M	Buildings, plant and equipment and others HK$'M	Total HK$'M
At 1st January 2025	1,592.4	279.7	1,872.1
Additions	35.3	285.2	320.5
Depreciation and amortisation	(52.1)	(119.4)	(171.5)
Disposals	(3.4)	(0.6)	(4.0)
Disposal of subsidiaries	(35.2)	(10.1)	(45.3)
Exchange differences	63.4	16.9	80.3
At 31st December 2025	1,600.4	451.7	2,052.1

	Prepaid leasehold land HK$'M	Buildings, plant and equipment and others HK$'M	Total HK$'M
At 1st January 2024	1,757.8	382.4	2,140.2
Additions	24.6	143.1	167.7
Depreciation and amortisation	(57.3)	(116.1)	(173.4)
Disposals	(8.8)	(11.4)	(20.2)
Disposal of subsidiaries	–	(24.7)	(24.7)
Transfer to property, plant and equipment	–	(85.2)	(85.2)
Exchange differences	(123.9)	(8.4)	(132.3)
At 31st December 2024	1,592.4	279.7	1,872.1

The Group leases various land, office buildings and customer service centres. Rental contracts are made for a range of fixed periods with some of which have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Some leases contain variable payment terms that are linked to sales or net profits generated. Variable lease payments that depend on sales or net profits are recognised in the profit or loss in the period in which the condition that triggers those payments occurs. Most leases are subject to fixed payments.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. There are minimal lease contracts with extension or termination options.

19 Intangible assets

	2025 HK$'M	2024 HK$'M
(a) Goodwill		
At 1st January	4,026.5	4,035.9
Acquisition of subsidiaries	–	48.9
Impairment	–	(30.8)
Exchange differences	83.4	(27.5)
At 31st December	4,109.9	4,026.5
(b) Other intangible assets		
Cost		
At 1st January	613.7	633.5
Exchange differences	11.3	(19.8)
At 31st December	625.0	613.7
Accumulated amortisation and impairment loss		
At 1st January	(252.2)	(206.2)
Amortisation	(13.2)	(22.5)
Impairment	–	(31.4)
Exchange differences	(6.0)	7.9
At 31st December	(271.4)	(252.2)
Net book value		
At 31st December	353.6	361.5
Total intangible assets	4,463.5	4,388.0

19 Intangible assets *(Continued)*

Goodwill is allocated to an individual cash-generating unit and a group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, majority of which related to segment – gas, water and waste treatment, renewable energy, extended businesses and related businesses in the Chinese mainland. The Group tests goodwill annually for impairment, or more frequently if there are indications that it might be impaired. For the purpose of impairment test, the recoverable amount of the cash-generating units is determined based on the higher of fair value less costs of disposal and value in use calculations. The key assumptions used in the value in use calculation as at 31st December 2025 are summarised below.

- The average revenue growth rate for the first five forecast years is approximately 5 per cent;
- the annual revenue growth rate subsequent to 31st December 2030 is approximately 3 per cent; and
- the pre-tax discount rate applied to the cash flow projection is 7.7 per cent.

For the value in use calculation, assuming (i) the average revenue and operating expenses growth rate for the first five forecast years decreased by 50 basis points; (ii) the annual revenue growth rate subsequent to 31st December 2030 decreased by 50 basis points; or (iii) the discount rate increased by 50 basis points, with all other variables held constant, the recoverable amount calculated would not result in a material impairment loss to the Group.

Management also assesses the fair value less costs of disposal in relation to the investments in certain subsidiaries by referencing to their market values as at the end of the reporting period. Impairment provision on goodwill of HK$30.8 million was recognised for the year ended 31st December 2024.

20 Subsidiaries

Material non-controlling interests

The total non-controlling interest as at 31st December 2025 is HK$12,038.2 million (2024: HK$10,943.1 million) of which HK$9,443.3 million (2024: HK$8,835.7 million) is attributable to Towngas Smart Energy and the non-controlling interests related to other individual subsidiaries of the Group is not considered material.

Set out below are the summarised financial information of Towngas Smart Energy. The information below is the amount before inter-company eliminations.

Summarised statement of financial position	2025 HK$'M	2024 HK$'M
Assets		
Non-current assets	44,453.3	40,610.7
Current assets	7,569.0	8,963.3
	52,022.3	49,574.0
Liabilities		
Non-current liabilities	(14,044.8)	(15,440.6)
Current liabilities	(12,861.2)	(11,656.7)
	(26,906.0)	(27,097.3)
Net assets	25,116.3	22,476.7

20 Subsidiaries *(Continued)*

Material non-controlling interests *(Continued)*

Summarised income statement and statement of comprehensive income	**2025 HK$'M**	2024 HK$'M
Revenue	**20,912.0**	21,314.0
Profit before taxation	**2,156.6**	2,190.0
Taxation	**(404.2)**	(393.5)
Profit for the year	**1,752.4**	1,796.5
Other comprehensive income/(loss)	**887.4**	(860.3)
Total comprehensive income	**2,639.8**	936.2
Total comprehensive income attributable to non-controlling interests	**959.4**	393.6
Dividend paid to non-controlling shareholders	**307.7**	350.1

Summarised statement of cash flows	**2025 HK$'M**	2024 HK$'M
Net cash generated from operating activities	**1,796.2**	2,352.7
Net cash used in investing activities	**(656.0)**	(2,767.0)
Net cash used in financing activities	**(1,495.0)**	(862.8)
Net decrease in cash and cash equivalents	**(354.8)**	(1,277.1)
Cash and cash equivalents at beginning of year	**2,700.0**	4,083.9
Effect of foreign exchange rate changes	**115.7**	(106.8)
Cash and cash equivalents at end of year	**2,460.9**	2,700.0

21 Associates

	2025 HK$'M	2024 HK$'M
Investments in associates, including goodwill	39,010.8	36,002.7
Loans to associates – non-current	545.3	72.0
	39,556.1	36,074.7
Loans and other receivables from associates – current	936.8	1,191.5
Loans and other payables to associates – current	(70.9)	(261.5)
Fair value of listed investments	13,580.2	13,640.2

As at 31st December 2025, the Group's investments in associates, including goodwill in relation to the Chinese mainland's gas, water and waste treatment, renewable energy, extended businesses and related businesses, Green Fuels, property and other segments amounted to HK$18,052.5 million, HK$5,715.0 million, HK$15,235.4 million and HK$7.9 million respectively (2024: HK$14,883.4 million, HK$5,794.9 million, HK$15,316.5 million and HK$7.9 million respectively).

Loans and other receivables from associates are analysed below:

(i) Loans and other receivables from associates in the Chinese mainland of HK$575.1 million (2024: HK$757.6 million) with interest rates ranging from 2.47 per cent to 3.45 per cent per annum (2024: 3.10 per cent to 4.83 per cent per annum) are unsecured and fully repayable during the period from 2026 to 2030 (2024: 2025 to 2029).

(ii) The remaining balances are unsecured, interest free and have no fixed terms of repayment.

(iii) During the year ended 31st December 2024, loss allowance of HK$79.5 million was recognised.

(iv) Loans and other receivables are denominated in the following currencies:

	2025 HK$'M	2024 HK$'M
RMB	1,008.2	805.1
USD	458.0	457.0
HKD	15.9	1.4
	1,482.1	1,263.5

Loans and other payables to associates are analysed below:

(i) As at 31st December 2025, loans and other payables to associates of HK$55.0 million (2024: HK$217.6 million) with interest rate at 1.00 per cent per annum (2024: 1.20 per cent to 1.80 per cent per annum) are unsecured and have no fixed terms of repayment.

(ii) The remaining balances are unsecured, interest free and have no fixed terms of repayment.

(iii) Loans and other payables to associates are denominated in RMB.

21 Associates *(Continued)*

Particulars of the principal associates as at 31st December 2025 are listed below:

Name	Note	Issued share capital/ registered capital	Percentage of the Group's equity interest	Place of incorporation/ operation	Principal activity
China-Singapore Suzhou Industrial Park Broad Energy Services Co., Ltd.		RMB71.1 million	25	PRC	Cooling and heating system business
山東港華燃氣集團有限公司	(i)	RMB1,400.0 million	49	PRC	Gas production and sales
^Shenzhen Gas Corporation Ltd.		RMB2,876.7 million	26.5	PRC	Gas sales and related businesses
潮州深能港華燃氣有限公司	(ii)	RMB860.6 million	36.5	PRC	Gas sales and related businesses
海南昆侖港華燃氣有限公司		RMB50.4 million	49	PRC	Gas sales and related businesses
港華儲氣有限公司		RMB200.0 million	39	PRC	Gas storage project
Central Waterfront Property Investment Holdings Limited	(iii)	US$100	15.8	British Virgin Islands	Investment holding
EcoCeres, Inc.	(iv)	US$38,938.8	42.3	Cayman Islands	Investment holding
GH-Fusion Limited	(v)	US$200	50	British Virgin Islands	Investment holding
蘇州工業園區蘇相合作區市政公用發展有限公司		RMB50.0 million	49	PRC	Investment holding; management of municipal facilities
^Anhui Province Natural Gas Development Co., Ltd.	(vi)	RMB526.0 million	18.4	PRC	Mid-stream natural gas project
Hebei Natural Gas Company Limited		RMB1,900.0 million	43	PRC	Mid-stream natural gas project
河南省中原石油天然氣管網有限公司		RMB60.0 million	49	PRC	Mid-stream natural gas project
Hangzhou Natural Gas Company Limited		RMB1,195.0 million	32	PRC	Mid-stream natural gas and piped city-gas project
道勝環境產業有限公司		RMB1,273.5 million	49	PRC	Waste treatment project
#廣東佛水環境科技集團股份有限公司 (formerly known as 佛山水務環保股份有限公司)		RMB831.8 million	26.7	PRC	Water project
Held by Towngas Lifestyle Holding Company Limited and the respective equity interest held by Towngas Lifestyle Holding Company Limited is shown accordingly					
長春名氣家生活服務有限公司		*RMB20.0 million*	*45*	*PRC*	*Appliance sales*
武漢能源服務有限公司		*RMB20.0 million*	*45*	*PRC*	*Appliance sales*
佛山維思智慧能源技術有限公司	*(vii)*	*RMB40.0 million*	*10*	*PRC*	*Gas meter manufacturing and sales*
Held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly					
^Changchun Gas Co., Ltd.		*RMB609.0 million*	*28.2*	*PRC*	*Gas sales and related businesses*
ΩForan Energy Group Co., Ltd.		*RMB1,298.4 million*	*36.6*	*PRC*	*Gas sales and related businesses*

Direct associate of the Company

^ A listed company on the Shanghai Stock Exchange

Ω A listed company on the Shenzhen Stock Exchange

21 Associates *(Continued)*

Notes

(i) As at 31st December 2024, 山東港華燃氣集團有限公司 ("Shandong Towngas") was classified as a joint venture of the Group. In December 2025, Shandong Jihua Gas Co., Ltd., which had been accounted for as an associate of the Group, was merged and absorbed by Shandong Towngas. Following the completion of the transaction and considering the Group's presence on the board of directors of Shandong Towngas and its participation in its financial and operating policies, the Group can only exercise significant influence over Shandong Towngas and accordingly it is accounted for as an associate.

(ii) In November 2023, the Group entered into an agreement with an independent third party, and contributed the initial registered capital by cash and the additional capital by equity interest held in two subsidiaries to 潮州深能港華燃氣有限公司, the newly set up associate. The transfer has been completed in March 2024.

(iii) The Group has an effective interest of approximately 15.8 per cent in the IFC complex through its interest in Central Waterfront Property Investment Holdings Limited ("CWPI"). With the Group's presence on the board of directors of CWPI and participation in the financial and operating policies of the IFC complex, the Group could exercise significant influence over CWPI and accordingly the investment is accounted for as an associate.

(iv) 42.3% represents the Group's effective interest and voting right in EcoCeres, Inc. As the Group could only exercise significant influence over EcoCeres, Inc. and accordingly the investment is accounted for as an associate.

(v) The Group can only exercise significant influence over the board of directors in the associate.

(vi) The Group has an effective interest of approximately 18.4 per cent of Anhui Province Natural Gas Development Co., Ltd. ("AHNG"). With the Group's presence on the board of directors of AHNG and participation in the financial and operating policies, the Group could exercise significant influence over AHNG and accordingly the investment is accounted for as an associate.

(vii) The Group has an effective interest of approximately 10 per cent of 佛山維思智慧能源技術有限公司 ("Foshan Weisi"). With the Group's presence on the board of directors of the Foshan Weisi and participation in the financial and operating policies, the Group could exercise significant influence over Foshan Weisi and accordingly the investment is accounted for as an associate.

The following amounts represent the Group's share of income and results of the associates and are included in the consolidated income statement and statement of comprehensive income:

	2025 HK$'M	2024 HK$'M
Income	33,771.8	39,915.5
Expenses, including taxation	(32,312.8)	(38,448.8)
Profit after taxation	1,459.0	1,466.7
Other comprehensive income	118.9	84.0
Total comprehensive income	1,577.9	1,550.7

21 Associates *(Continued)*

Set out below are the summarised financial information of CWPI which is considered to be the only associate individually material to the Group and it is accounted for using the equity method. CWPI holds IFC complex as the commercial investment property for rental income in Hong Kong.

	CWPI	
Summarised statement of financial position	**2025 HK$'M**	2024 HK$'M
Assets		
Non-current assets	**116,702.3**	116,910.0
Current assets	**651.5**	674.5
	117,353.8	117,584.5
Liabilities		
Non-current liabilities	**(18,890.8)**	(18,813.6)
Current liabilities	**(1,975.5)**	(1,770.6)
	(20,866.3)	(20,584.2)
Net assets	**96,487.5**	97,000.3

	CWPI	
Summarised income statement and statement of comprehensive income	**2025 HK$'M**	2024 HK$'M
Income	**5,041.7**	5,641.0
Expenses, including taxation	**(2,913.9)**	(3,009.5)
Profit after taxation	**2,127.8**	2,631.5
Other comprehensive (loss)/income	**(40.9)**	9.2
Total comprehensive income	**2,086.9**	2,640.7
Share of total comprehensive income (15.79%)	**329.5**	417.0
Dividend received from the associate	**410.5**	328.4

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

21 Associates *(Continued)*

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associate:

	CWPI	
	2025 HK$'M	2024 HK$'M
Net assets		
At 1st January	97,000.3	96,439.4
Profit for the year	2,127.8	2,631.5
Other comprehensive (loss)/income	(40.9)	9.2
Dividend paid	(2,599.7)	(2,079.8)
At 31st December	96,487.5	97,000.3

	2025 HK$'M	2024 HK$'M
Carrying value		
Interest in an associate (15.79%)	15,235.4	15,316.4

22 Joint ventures

	2025 HK$'M	2024 HK$'M
Investments in joint ventures, including goodwill	10,273.3	10,612.1
Loans to a joint venture – non-current	5.5	–
	10,278.8	10,612.1
Loans and other receivables from joint ventures – current	1,626.2	494.7
Loans from joint ventures – non-current	(320.5)	(127.1)
Loans and other payables to joint ventures – current	(168.9)	(473.4)

As at 31st December 2025, the Group's investments in joint ventures, including goodwill in relation to the Chinese mainland's gas, water and waste treatment, renewable energy, extended businesses and related businesses, Green Fuels, property and other segments amounted to HK$9,709.8 million, HK$563.3 million and HK$0.2 million respectively (2024: HK$10,608.7 million, nil and HK$3.4 million).

22 Joint ventures *(Continued)*

Loans and other receivables from joint ventures are analysed below:

(i) Loans and other receivables from joint ventures in the Chinese mainland of HK$1,029.9 million (2024: HK$37.5 million) with interest rates ranging from 2.80 per cent to 3.95 per cent per annum (2024: 3.10 per cent to 3.70 per cent per annum) are unsecured and fully repayable in 2026 and 2028 (2024: 2025).

(ii) Loans and other receivables from joint ventures in Hong Kong of HK$64.6 million (2024: HK$72.4 million) are unsecured, interest free and have no fixed terms of repayment.

(iii) The remaining balances are unsecured, interest free and have no fixed terms of repayment.

(iv) Loans and other receivables from joint ventures are considered to have low credit risk and the loss allowance recognised during the year was therefore limited to 12-month expected credit loss.

(v) Loans and other receivables are denominated in the following currencies:

	2025 HK$'M	2024 HK$'M
RMB	1,515.0	379.7
HKD	116.7	115.0
	1,631.7	494.7

Loans and other payables to joint ventures are analysed below:

(i) Loans and other payables to joint ventures of HK$155.2 million (2024: HK$462.3 million) with interest rates ranging from 1.00 per cent to 1.50 per cent per annum (2024: 1.20 per cent to 1.80 per cent per annum) are unsecured and have no fixed terms of repayment. Loans from joint ventures of HK$320.5 million (2024: HK$127.1 million) with interest rates ranging from 2.15 per cent to 4.99 per cent per annum (2024: 3.00 per cent per annum) are unsecured and payable in 2028 (2024: 2027).

(ii) The remaining balances are unsecured, interest free and have no fixed terms of repayment.

(iii) Loans and other payables to joint ventures are denominated in RMB.

22 Joint ventures *(Continued)*

Particulars of the principal joint ventures as at 31st December 2025 are listed below:

Name	Note	Issued share capital/ registered capital	Percentage of the Group's equity interest	Place of incorporation/ operation	Principal activity
Hua Yan Environmental Industry Development (Suzhou) Co., Ltd.	(i)	RMB75.0 million	55	PRC	Food and green waste treatment project
Inner Mongolia ECO Coal Chemical Technology Company Limited		RMB4,073.4 million	50	PRC	Fuels and chemicals business
#Beijing Beiran & HKCG Gas Company Limited		RMB44.4 million	49	PRC	Gas production and sales
Changzhou Hong Kong and China Gas Company Limited		RMB450.0 million	50	PRC	Gas production and sales
Nanjing Hong Kong and China Gas Company Limited		RMB700.0 million	49	PRC	Gas production and sales
Suzhou Hong Kong and China Gas Co., Ltd.	(i)	RMB200.0 million	55	PRC	Gas production and sales
#Tongling Hong Kong and China Gas Company Limited	(i)	RMB170.0 million	70	PRC	Gas production and sales
武漢市燃氣集團有限公司		RMB420.0 million	49	PRC	Gas production and sales
#Xian Qinhua Gas Group Company Limited		RMB1,000.0 million	49	PRC	Gas production and sales
Zhangjiagang Hong Kong and China Gas Company Limited		RMB100.0 million	50	PRC	Gas production and sales
VENEX Holding Company Limited		RMB1,240.0 million	50	British Virgin Islands	Investment holding
Jilin Province Natural Gas Limited Company		RMB220.0 million	49	PRC	Mid-stream natural gas project
Yieldway International Limited		HK$2	50	Hong Kong	Property development
Suzhou Industrial Park Qingyuan Hong Kong & China Water Co., Ltd.		RMB1,200.0 million	50	PRC	Water Supply and sewage treatment
Held by Towngas Lifestyle Holding Company Limited and the respective equity interest held by Towngas Lifestyle Holding Company Limited is shown accordingly					
[1]蕪湖名氣家生活科技有限公司		*RMB2.0 million*	*50*	*PRC*	*Appliance sales*

Direct joint ventures of the Company

[1] Newly formed during the year

Note

(i) The Group can only exercise joint control over the board of directors in the joint ventures.

22 Joint ventures *(Continued)*

Particulars of the principal joint ventures as at 31st December 2025 are listed below: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of the Group's equity interest	Place of incorporation/ operation	Principal activity
Held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly				
Anqing Hong Kong and China Gas Company Limited	*RMB73.0 million*	*50*	*PRC*	*Gas sales and related businesses*
Hangzhou Hong Kong and China Gas Company Limited	*US$20.0 million*	*50*	*PRC*	*Gas sales and related businesses*
Maanshan Hong Kong and China Gas Company Limited	*US$13.0 million*	*50*	*PRC*	*Gas sales and related businesses*
Taian Taishan Hong Kong and China Gas Company Limited	*RMB150.0 million*	*49*	*PRC*	*Gas sales and related businesses*
Weifang Hong Kong and China Gas Company Limited	*RMB400.0 million*	*50*	*PRC*	*Gas sales and related businesses*
Weihai Hong Kong and China Gas Company Limited	*RMB99.2 million*	*50*	*PRC*	*Gas sales and related businesses*
Wuhu Hong Kong & China Gas Company Limited	*RMB52.8 million*	*50*	*PRC*	*Gas sales and related businesses*
Zibo Hong Kong and China Gas Company Limited	*RMB100.0 million*	*50*	*PRC*	*Gas sales and related businesses*

The following amounts represent the Group's share of income and results of the joint ventures and are included in the consolidated income statement and statement of comprehensive income:

	2025 HK$'M	2024 HK$'M
Income	18,141.1	16,151.7
Expenses, including taxation	(17,572.1)	(15,538.2)
Profit after taxation and total comprehensive income	569.0	613.5

No individual joint ventures are considered to be material to the Group.

23 Financial assets at fair value through other comprehensive income

	2025 HK$'M	2024 HK$'M
Debt securities (note (a))	16.0	16.3
Equity securities (note (b))	1,595.0	1,675.7
	1,611.0	1,692.0

Notes

		2025 HK$'M	2024 HK$'M
(a)	Debt securities		
	Listed – outside Hong Kong	16.0	16.3

		2025 HK$'M	2024 HK$'M
(b)	Equity securities		
	Listed – Hong Kong	–	127.9
	Listed – outside Hong Kong	1,190.3	1,180.6
	Unlisted	404.7	367.2
		1,595.0	1,675.7

Included in the equity securities, it comprises HK$12.4 million (2024: HK$22.2 million) of perpetual bonds and HK$1,582.6 million (2024: HK$1,653.5 million) of investments that are mainly engaged in the provision of natural gas and related services and gas pipeline construction services. These are strategic investments and the Group considers the classification of FVOCI to be more relevant.

Financial assets at FVOCI are denominated in the following currencies:

	2025 HK$'M	2024 HK$'M
RMB	1,582.6	1,536.7
HKD	–	116.9
USD	28.4	38.4
	1,611.0	1,692.0

24 Financial assets at fair value through profit or loss

	2025 HK$'M	2024 HK$'M
Debt securities – non-current (note (a))	–	44.5
Equity securities (note (b))		
– Current	1,391.7	1,330.0
– Non-current	1,989.6	1,391.8
	3,381.3	2,766.3

Notes

		2025 HK$'M	2024 HK$'M
(a)	Debt securities		
	Listed – outside Hong Kong	–	44.5

		2025 HK$'M	2024 HK$'M
(b)	Equity securities		
	Listed – outside Hong Kong	1,352.0	1,102.6
	Unlisted	2,029.3	1,619.2
		3,381.3	2,721.8

Included in the unlisted equity securities, it comprises HK$1,391.7 million (2024: HK$1,330.0 million) of investment in certain equity interest of a company which owned a coking coal mine and related coke production and coke-gas conversion facility in the Chinese mainland.

Financial assets at FVPL are denominated in the following currencies:

	2025 HK$'M	2024 HK$'M
RMB	3,356.2	2,743.2
HKD	14.0	12.0
USD	11.1	11.1
	3,381.3	2,766.3

25 Derivative financial instruments

	2025		2024	
	Assets HK$'M	Liabilities HK$'M	Assets HK$'M	Liabilities HK$'M
Non-current				
Cross currency swap and interest rate swap contracts – cash flow hedges	89.3	(40.3)	115.9	(65.4)
Cross currency swap contracts – held-for-trading	–	–	–	(0.1)
Foreign currency forward contracts – held-for-trading	3.0	–	–	(21.7)
Interest rate swap contracts – held-for-trading	–	–	4.4	–
	92.3	(40.3)	120.3	(87.2)
Current				
Cross currency swap and interest rate swap contracts – cash flow hedges	–	(9.3)	–	(53.9)
Foreign currency forward contracts – held-for-trading	2.2	–	0.2	–
Interest rate swap contracts – held-for-trading	–	(1.5)	0.8	(9.0)
Convertible bonds – embedded derivative component (note 32(b))	–	(5.7)	–	(17.3)
	2.2	(16.5)	1.0	(80.2)

The fair value of hedging derivatives is classified as current assets or liabilities when the remaining maturity of the hedged item is less than 12 months.

The full fair values of hedging derivatives are classified as non-current assets or liabilities when the remaining maturity of the hedged items is more than 12 months.

25 Derivative financial instruments *(Continued)*

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The ineffective portion recognised in the profit or loss that arises from cash flow hedges amounted to a gain of HK$2.3 million (2024: loss of HK$2.0 million) (note 7).

The major terms of the outstanding derivative contracts held for hedging as at 31st December 2025 are as follows:

Notional amount	Maturity	Forward contract rate
Cross currency swap and interest rate swap contracts – cash flow hedges		
RMB700 million	2026	HKD1 to RMB0.8658 – RMB0.8661
HKD577 million	2026	HKCG receives a floating interest rate and pays a fixed interest rate
USD200 million	2027	USD1 to RMB6.3760 – RMB6.3885
JPY2 billion	2027	JPY100 to HKD6.877

Gains and losses recognised in the hedging reserve in equity (note 36) on the swaps as of 31st December 2025 will be continuously released to the profit or loss until the repayment of relevant borrowings.

26 Retirement benefit assets

	2025 HK$'M	2024 HK$'M
At 31st December	187.3	127.9

The Group operates a defined benefit retirement scheme in Hong Kong, namely the Workmen Retirement Scheme which is a final salary defined benefit scheme.

The amounts recognised in the consolidated statement of financial position are shown as follows:

	2025 HK$'M	2024 HK$'M
Fair value of plan assets	631.4	569.7
Present value of funded obligations	(444.1)	(441.8)
Net assets in the consolidated statement of financial position	187.3	127.9

The plan assets did not include any shares of the Company as at 31st December 2025 (2024: nil).

26 Retirement benefit assets *(Continued)*

The cost of the defined benefit retirement scheme recognised in the consolidated income statement is as follows:

	2025 HK$'M	2024 HK$'M
Current service cost	9.2	9.9
Net interest income	(4.7)	(3.3)
Total (note 11)	4.5	6.6

The amounts recognised in the other comprehensive income are as follows:

	2025 HK$'M	2024 HK$'M
Actuarial loss due to liability experience	3.5	3.4
Actuarial loss/(gain) due to financial assumption changes	20.4	(18.9)
Actuarial loss/(gain)	23.9	(15.5)
Return on plan assets, excluding amounts included in interest income	(84.8)	(10.4)
Total	(60.9)	(25.9)

The movements in the defined benefit obligations are as follows:

	2025 HK$'M	2024 HK$'M
At 1st January	441.8	464.2
Current service cost	9.2	9.9
Interest cost	15.1	13.2
Benefits paid	(45.9)	(30.0)
Actuarial loss/(gain)	23.9	(15.5)
At 31st December	444.1	441.8

26 Retirement benefit assets *(Continued)*

The movements in the fair value of plan assets are as follows:

	2025 HK$'M	2024 HK$'M
At 1st January	569.7	569.6
Return on plan assets, excluding amounts included in interest income	84.8	10.4
Interest income recognised in consolidated income statement	19.8	16.5
Contribution paid by employer	3.0	3.2
Benefits paid	(45.9)	(30.0)
At 31st December	631.4	569.7

The movements in the assets recognised in the consolidated statement of financial position are as follows:

	2025 HK$'M	2024 HK$'M
At 1st January	127.9	105.4
Remeasurement effects recognised in other comprehensive income	60.9	25.9
Total cost of defined benefit retirement scheme (note 11)	(4.5)	(6.6)
Contribution paid by employer	3.0	3.2
At 31st December	187.3	127.9

The major categories of plan assets as a percentage of total plan assets are as follows:

	2025 %	2024 %
Equity securities	73.5	74.5
Debt securities	24.3	23.5
Cash	2.2	2.0

The principal actuarial assumptions used are as follows:

	2025 %	2024 %
Discount rate	2.9	3.6
Expected rate of future salary increases	4.0	4.0

26 Retirement benefit assets *(Continued)*

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 1.7%	Increase by 1.8%
Salary increase rate	0.25%	Increase by 0.6%	Decrease by 0.7%
Maximum salary scale increase rate	0.25%	Increase by 1.0%	Decrease by 1.1%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Expected contributions to the scheme for the year ending 31st December 2026 are HK$2.8 million.

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Investment risk	Strong investment returns tend to increase the fair value of scheme assets and therefore improve the scheme's financial position as measured by the net defined benefit asset/liability, whilst poor or negative investment returns tend to weaken the position. The scheme assets are invested in a diversified portfolio of equities, bonds and cash, covering major geographical locations around the world. The diversification of asset classes and geographical locations helps to reduce the concentration of risk associated with the scheme investments.
Interest rate risk	The defined benefit obligation is calculated using a discount rate based on market bond yields. A decrease in the bond yields will increase the defined benefit obligation.
Salary risk	The defined benefit obligation is calculated with reference to the future salaries of members because the scheme's benefits are salary-related. Salary increases that are higher than expected will increase the defined benefit obligation.

26 Retirement benefit assets *(Continued)*

The weighted average duration of the benefit obligation is 7.1 years. Expected maturity analysis of benefit undiscounted payments:

	Within 5 years HK$'M	Beyond 5 years but within 10 years HK$'M	Beyond 10 years HK$'M
As 31st December 2025			
Expected benefit payments	167.1	210.8	248.5

27 Other non-current assets

	2025 HK$'M	2024 HK$'M
Aviation fuel facility construction receivable (note (a))	4,072.2	3,925.9
Other receivables and prepayments (note (b))	2,201.2	1,893.8
Restricted bank deposits (note (c))	96.9	37.1
Loan to a non-controlling shareholder	–	5.2
	6,370.3	5,862.0

Notes

(a) Aviation fuel facility construction receivable is denominated in HKD, unsecured and will be recovered by monthly instalments up to 2047.

(b) The balance mainly represents prepayments of HK$1,980.3 million (2024: HK$1,848.2 million) for the right to use two storage tanks at the liquefied natural gas receiving terminal in Tangshan city for a contract term of 50 years.

(c) The balance represents deposits placed in banks for backing of operation at an energy trading platform and litigation claims received that is restricted for use until certain conditions were fulfilled.

28 Inventories

	2025 HK$'M	2024 HK$'M
Gas fuel, stores and materials	2,230.1	2,208.2
Work in progress	777.2	586.4
	3,007.3	2,794.6

The Group wrote down the carrying value of inventories by HK$13.5 million (2024: HK$11.2 million) to its net realisable value during the year ended 31st December 2025.

29 Trade and other receivables

	2025 HK$'M	2024 HK$'M
Trade receivables (note (a))	5,385.2	5,130.4
Payments in advance (note (b))	1,442.5	1,715.7
Other receivables	3,053.6	4,628.8
	9,881.3	11,474.9

Notes

(a) The Group has established credit policies for different types of customers. The credit periods offered for trade receivables, which are subject to periodic review by management, range from 30 to 60 days except for gas receivables of the Company which are due by 8 working days after billing date. Based on the invoice date, the aging analysis of the trade receivables, net of impairment provision, is as follows:

	2025 HK$'M	2024 HK$'M (restated)
0 – 30 days	4,012.5	3,954.1
31 – 60 days	294.4	260.6
61 – 90 days	152.8	203.8
Over 90 days	925.5	711.9
	5,385.2	5,130.4

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit loss allowance for trade receivables. Note 3(b) provides for details about the calculation of the allowance.

The loss allowance further increased from HK$403.9 million to HK$482.6 million (note 3(b)) during the year.

(b) Balance mainly represents prepayment for purchase of materials and services in relation to the Group's gas, water and waste treatment, renewable energy, extended businesses and Green Fuels businesses in Hong Kong and the Chinese mainland.

29 Trade and other receivables *(Continued)*

Trade and other receivables are denominated in the following currencies:

	2025 HK$'M	2024 HK$'M
RMB	6,713.0	7,315.4
HKD	3,148.6	4,141.3
USD	7.2	11.7
Others	12.5	6.5
	9,881.3	11,474.9

30 Time deposits, cash and bank balances

	2025 HK$'M	2024 HK$'M
Time deposits over three months	71.1	89.1
Time deposits up to three months	549.9	499.9
Cash and bank balances	5,998.0	5,771.6
	6,547.9	6,271.5

The average effective interest rates on time deposits in Hong Kong and the Chinese mainland are 3.64 per cent and 1.65 per cent per annum respectively (2024: 4.27 per cent and 2.41 per cent per annum respectively). These deposits have average maturity dates within 76 days (2024: 80 days).

Time deposits, cash and bank balances are denominated in the following currencies:

	2025 HK$'M	2024 HK$'M
RMB	5,394.8	5,454.7
HKD	847.6	526.2
USD	318.4	331.3
THB	33.3	34.9
Others	24.9	13.5
	6,619.0	6,360.6

The conversion of Renminbi denominated balances into foreign currencies and the remittance of foreign currencies denominated bank balances and cash out of the Chinese mainland are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

31 Trade payables and other liabilities

	2025 HK$'M	2024 HK$'M
Trade payables (note (a))	4,689.6	4,938.9
Other payables and accruals (note (b))	6,183.7	7,191.3
Contract liabilities (note (c))	9,226.2	8,512.6
Lease liabilities (note (d))	100.3	108.0
	20,199.8	20,750.8

Notes

(a) Based on the invoice date, the aging analysis of the trade payables is as follows:

	2025 HK$'M	2024 HK$'M (restated)
0 – 30 days	2,081.6	1,639.7
31 – 60 days	559.1	652.7
61 – 90 days	438.0	771.3
Over 90 days	1,610.9	1,875.2
	4,689.6	4,938.9

(b) The balances mainly represent accruals for services or goods received from suppliers.

(c) The balances mainly represent non-refundable advances received from customers for utility connection services, provision of gas and provision of maintenance services.

The following table shows the amount of the revenue recognised in the current reporting period relates to contract liability balance at the beginning of the year:

	2025 HK$'M	2024 HK$'M
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	5,346.8	5,783.9

(d) As at 31st December 2025, the weighted average incremental borrowing rate applied to the lease liabilities were 3.0 per cent (2024: 3.0 per cent) for leases in Hong Kong and 5.0 per cent (2024: 5.0 per cent) for leases in the Chinese mainland.

(e) As at 31st December 2025, the amount of unsatisfied performance obligations mainly expected to be recognised within one year and after one year are HK$3,279.9 million (2024: HK$3,317.2 million) and HK$4,326.6 million (2024: HK$3,983.4 million) respectively.

31 Trade payables and other liabilities *(Continued)*

Trade payables and other liabilities are denominated in the following currencies:

	2025 HK$'M	2024 HK$'M
RMB	15,702.0	17,451.5
HKD	4,373.0	3,016.7
USD	104.4	262.6
Others	20.4	20.0
	20,199.8	20,750.8

32 Borrowings

	2025 HK$'M	2024 HK$'M
Non-current		
Bank and other loans	19,144.6	20,344.2
Guaranteed notes (note (a))	23,727.3	23,616.8
	42,871.9	43,961.0
Current		
Bank and other loans	9,189.5	8,713.1
Guaranteed notes (note (a))	5,611.8	2,898.5
Convertible bonds (note (b))	2,027.4	1,849.6
	16,828.7	13,461.2
Total borrowings	59,700.6	57,422.2

Notes

(a) Guaranteed notes

As at 31st December 2025, HK$22,771.5 million, USD200.0 million, RMB4,540.0 million, and JPY2,000.0 million (2024: HK$20,980.5 million, USD200.0 million, RMB3,670.0 million, AUD25.0 million and JPY2,000.0 million) guaranteed notes were issued by HKCG (Finance) Limited or TCCL (Finance) Limited, subsidiaries of the Group. The notes are unsecured and guaranteed by the Company or Towngas Smart Energy as to repayment, mainly carry fixed coupon rates ranging from 1.98 per cent to 5.00 per cent per annum payable quarterly, half-yearly or annually in arrear and have maturity terms between 2 to 40 years.

32 Borrowings *(Continued)*

Notes *(Continued)*

(b) Convertible bonds

Pursuant to a subscription agreement dated 25th October 2021 entered into by Towngas Smart Energy and Clean Energy Ecosystem Pte. Ltd. (the "Investor"), Towngas Smart Energy issued and allotted 116,783,333 shares at HK$5.00 per share and convertible bonds due 2026 of principal amount of RMB1,835,603,000 (equivalent to HK$2,217,716,000 at an agreed exchange rate) on 18th November 2021. The convertible bonds entitle the Investor to convert them into ordinary shares of Towngas Smart Energy in whole or in part at any time during the conversion period at a conversion price of HK$6.33 per share, subject to adjustments.

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

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

The convertible bonds comprise two components:

(i) The debt component was initially measured at fair value and subsequently measured at amortised cost using the effective interest method after considering the effect of the transaction costs. The effective interest rate of the debt component is 4% (2024: 4%) per annum.

(ii) The embedded derivative component comprises conversion options, which were initially measured at fair value at date of issuance and the end of each reporting period.

	Debt component HK$'M	Embedded derivative component (note 25) HK$'M	Total HK$'M
As at 1st January 2024	1,857.8	94.5	1,952.3
Exchange differences	(67.6)	(1.6)	(69.2)
Interest expense (note 9)	81.6	–	81.6
Interest paid	(22.2)	–	(22.2)
Change in fair value (note 7)	–	(75.6)	(75.6)
As at 31st December 2024	**1,849.6**	**17.3**	**1,866.9**
Exchange differences	**116.0**	**0.6**	**116.6**
Interest expense (note 9)	**84.0**	**–**	**84.0**
Interest paid	**(22.2)**	**–**	**(22.2)**
Change in fair value (note 7)	**–**	**(12.2)**	**(12.2)**
As at 31st December 2025	**2,027.4**	**5.7**	**2,033.1**

32 Borrowings *(Continued)*

Notes *(Continued)*

(c) The maturity of borrowings is as follows:

	Bank and other loans		Guaranteed notes and convertible bonds	
	2025	2024	**2025**	2024
	HK$'M	HK$'M	**HK$'M**	HK$'M
Within 1 year	**9,189.5**	8,713.1	**7,639.2**	4,748.1
Between 1 and 2 years	**4,378.0**	9,471.8	**5,432.7**	5,464.1
Between 2 and 5 years	**13,565.2**	9,555.3	**10,095.3**	7,985.9
Wholly repayable within 5 years	**27,132.7**	27,740.2	**23,167.2**	18,198.1
Wholly repayable over 5 years	**1,201.4**	1,317.1	**8,199.3**	10,166.8

As at 31st December 2025, the Group's borrowings amounted to HK$59,700.6 million (2024: HK$57,422.2 million). All the bank and other loans were unsecured. Guaranteed notes of HK$2,435.5 million (2024: HK$2,837.1 million) were hedged.

	2025		2024	
	Within 1 year	**Over 1 year**	Within 1 year	Over 1 year
	HK$'M	**HK$'M**	HK$'M	HK$'M
Bank and other loans				
– Fixed rate	**4,466.0**	**5,682.4**	3,368.5	7,031.1
– Floating rate	**4,723.5**	**13,462.2**	5,344.6	13,313.1
Guaranteed notes and convertible bonds				
– Fixed rate	**7,416.5**	**23,727.3**	2,469.8	23,404.0
– Floating rate	**222.7**	**–**	2,278.3	212.8

The exposure of the Group's floating rate borrowings to interest rate changes and the contractual repricing dates are mainly within 6 months from the date of statement of financial position, except for some guaranteed notes, convertible bonds and bank loans subject to fixed interest rate and with maturity terms ranged from 1 to 40 years. The effective interest rates of the Group's borrowings at the date of statement of financial position are as follows:

	2025						2024					
	HKD	**USD**	**RMB**	**THB**	**AUD**	**JPY**	HKD	USD	RMB	THB	AUD	JPY
Bank and other loans	**3.8%**	**2.0%**	**2.9%**	**2.3%**	**N/A**	**1.2%**	5.1%	2.0%	3.4%	N/A	N/A	1.2%
Guaranteed notes	**3.3%**	**4.6%**	**3.1%**	**N/A**	**N/A**	**2.9%**	3.5%	4.6%	2.7%	N/A	3.0%	2.9%
Convertible bonds	**N/A**	**N/A**	**4.0%**	**N/A**	**N/A**	**N/A**	N/A	N/A	4.0%	N/A	N/A	N/A

32 Borrowings *(Continued)*

Notes *(Continued)*

(d) The carrying values of borrowings approximate their fair values as the impact of discounting is not significant.

(e) The carrying amounts of the borrowings are denominated in the following currencies:

	2025 HK$'M	2024 HK$'M
HKD	33,259.4	30,352.5
RMB	24,773.1	25,282.2
USD	1,563.4	1,564.0
AUD	–	120.2
THB	1.9	–
JPY	102.8	103.3
	59,700.6	57,422.2

Under the terms of certain bank loans, which have a carrying amount of HK$20,148.8 million as at 31st December 2025 (2024: HK$18,664.8 million), the Group is required to comply with certain key financial covenant determined based on consolidated tangible net worth and consolidated total borrowings, which are tested on half-yearly, annual or as needed basis. The Group has complied with these covenants throughout the reporting period. There are no indications that the Group would have difficulties complying with the covenants within 12 months from the end of the reporting period.

33 Deferred taxation

The movements in the deferred taxation are as follows:

	2025 HK$'M	2024 HK$'M
At 1st January	6,908.4	6,924.3
Charged to the profit or loss	250.9	224.0
Credited to other comprehensive income	(5.3)	(11.4)
Disposal of a subsidiary	(26.2)	–
Withholding tax	(68.1)	(52.4)
Exchange differences	289.7	(176.1)
At 31st December	7,349.4	6,908.4

33 Deferred taxation *(Continued)*

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

	Accelerated tax depreciation HK$'M	Oil properties HK$'M	Financial instruments HK$'M	Right-of-use assets HK$'M	Lease liabilities HK$'M	Provision HK$'M	Tax losses HK$'M	Others HK$'M	Total HK$'M
At 1st January 2025	4,377.3	1,251.2	488.9	62.3	(66.6)	(8.3)	(10.8)	814.4	6,908.4
Charged/(credited) to profit or loss	216.7	(37.0)	36.6	(52.4)	52.6	–	–	34.4	250.9
Credited to other comprehensive income	–	–	(5.3)	–	–	–	–	–	(5.3)
Disposal of a subsidiary	–	–	–	–	–	–	–	(26.2)	(26.2)
Withholding tax	–	–	–	–	–	–	–	(68.1)	(68.1)
Exchange differences	137.2	114.9	9.8	(39.9)	41.9	–	–	25.8	289.7
At 31st December 2025	4,731.2	1,329.1	530.0	(30.0)	27.9	(8.3)	(10.8)	780.3	7,349.4

	Accelerated tax depreciation HK$'M	Oil properties HK$'M	Financial instruments HK$'M	Right-of-use assets HK$'M	Lease liabilities HK$'M	Provision HK$'M	Tax losses HK$'M	Others HK$'M	Total HK$'M
At 1st January 2024	4,276.9	1,281.3	515.9	77.8	(82.7)	(8.3)	(10.8)	874.2	6,924.3
Charged/(credited) to profit or loss	208.5	(19.6)	(4.8)	(15.6)	16.2	–	–	39.3	224.0
Credited to other comprehensive income	–	–	(11.4)	–	–	–	–	–	(11.4)
Withholding tax	–	–	–	–	–	–	–	(52.4)	(52.4)
Exchange differences	(108.1)	(10.5)	(10.8)	0.1	(0.1)	–	–	(46.7)	(176.1)
At 31st December 2024	4,377.3	1,251.2	488.9	62.3	(66.6)	(8.3)	(10.8)	814.4	6,908.4

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of HK$904.4 million (2024: HK$970.6 million) in respect of losses amounting to HK$3,785.7 million (2024: HK$3,988.0 million) that can be carried forward and set off against future taxable income. These tax losses have no expiry dates except for the tax losses of HK$3,111.4 million (2024: HK$2,963.7 million) which will expire at various dates up to and including 2030 (2024: 2029).

34 Other non-current liabilities

	2025 HK$'M	2024 HK$'M
Customers' deposits (note (a))	1,508.1	1,493.0
Contract liabilities (note (b))	1,150.7	809.6
Lease liabilities (note (c))	371.5	200.0
Loans and other payables to non-controlling shareholders	159.6	167.3
Asset retirement obligations	120.4	114.0
	3,310.3	2,783.9

Notes

(a) Customers' deposits mainly represent deposits received from customers pursuant to gas supply contracts agreed with customers and are repayable upon termination of gas supply contracts subject to the customers' fulfilment of certain conditions.

(b) Contract liabilities include only the non-current portion. The current portion is disclosed in note 31.

(c) Lease liabilities include only lease with contractual maturities over 1 year, the current portion is disclosed in note 31.

35 Share capital

	Number of shares		Share capital	
	2025	2024	2025 HK$'M	2024 HK$'M
Issued and fully paid:				
At beginning and end of year	18,659,870,098	18,659,870,098	5,474.7	5,474.7

36 Reserves

	Investment revaluation reserve HK$'M	Hedging reserve HK$'M	Exchange reserve HK$'M	Other reserves (note) HK$'M	Retained profits HK$'M	Total HK$'M
As at 1st January 2025	476.7	17.8	(4,246.6)	146.1	55,521.7	51,915.7
Profit attributable to shareholders	–	–	–	–	5,688.2	5,688.2
Other comprehensive income:						
Movement in reserve of financial assets at FVOCI	60.6	–	–	–	–	60.6
Remeasurements of retirement benefit	–	–	–	–	60.9	60.9
Change in fair value of cash flow hedges	–	3.8	–	–	–	3.8
Share of other comprehensive income of associates	–	(33.8)	–	40.5	–	6.7
Exchange differences	–	–	2,350.1	–	–	2,350.1
Total comprehensive income for the year	60.6	(30.0)	2,350.1	40.5	5,749.1	8,170.3
Capital injections in subsidiaries	–	–	–	–	295.7	295.7
Disposal of a subsidiary	–	–	(2.4)	–	–	(2.4)
Share award scheme of a subsidiary	–	–	–	0.7	–	0.7
Share options of a subsidiary exercised	–	–	–	(24.8)	–	(24.8)
Recognition of share-based payments upon grant of shares and share options of subsidiaries	–	–	–	52.2	–	52.2
Release of exchange reserve	–	–	32.2	–	(32.2)	–
2024 final dividend paid	–	–	–	–	(4,291.8)	(4,291.8)
2025 interim dividend paid	–	–	–	–	(2,239.2)	(2,239.2)
At 31st December 2025	537.3	(12.2)	(1,866.7)	214.7	55,003.3	53,876.4
Balance after 2025 final dividend proposed	537.3	(12.2)	(1,866.7)	214.7	50,711.5	49,584.6
2025 final dividend proposed	–	–	–	–	4,291.8	4,291.8
	537.3	(12.2)	(1,866.7)	214.7	55,003.3	53,876.4

36 Reserves *(Continued)*

	Investment revaluation reserve HK$'M	Hedging reserve HK$'M	Exchange reserve HK$'M	Other reserves (note) HK$'M	Retained profits HK$'M	Total HK$'M
As at 1st January 2024	493.7	(32.9)	(2,363.8)	108.7	56,172.4	54,378.1
Profit attributable to shareholders	–	–	–	–	5,711.5	5,711.5
Other comprehensive income:						
Movement in reserve of financial assets at FVOCI	(17.8)	–	–	–	–	(17.8)
Remeasurements of retirement benefit	–	–	–	–	25.9	25.9
Change in fair value of cash flow hedges	–	4.9	–	–	–	4.9
Share of other comprehensive income of associates	0.8	45.8	–	37.4	–	84.0
Exchange differences	–	–	(1,863.3)	–	–	(1,863.3)
Total comprehensive income for the year	(17.0)	50.7	(1,863.3)	37.4	5,737.4	3,945.2
Capital injections in subsidiaries	–	–	–	–	171.5	171.5
Further acquisition of subsidiaries	–	–	–	–	(15.0)	(15.0)
Deemed disposal of subsidiaries	–	–	(11.2)	–	(1.4)	(12.6)
Disposal of subsidiaries	–	–	(20.5)	–	–	(20.5)
Release of exchange reserve	–	–	12.2	–	(12.2)	–
2023 final dividend paid	–	–	–	–	(4,291.8)	(4,291.8)
2024 interim dividend paid	–	–	–	–	(2,239.2)	(2,239.2)
At 31st December 2024	476.7	17.8	(4,246.6)	146.1	55,521.7	51,915.7
Balance after 2024 final dividend proposed	476.7	17.8	(4,246.6)	146.1	51,229.9	47,623.9
2024 final dividend proposed	–	–	–	–	4,291.8	4,291.8
	476.7	17.8	(4,246.6)	146.1	55,521.7	51,915.7

36 Reserves *(Continued)*

Note

Other reserves mainly arise from the issue of equity-settled share-based payments to certain employees to allow them to invest in the equity interest in Towngas Smart Energy, a subsidiary of the Group and the purchase of shares under a share award scheme of Towngas Smart Energy (the "Scheme").

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

At 31st December 2025, 11,600,000 (2024: 10,474,000) share options at a weighted average exercise price of HK$3.57 (2024: HK$3.40) were held by directors and other participants representing directors or senior management staff of the subsidiaries of Towngas Smart Energy and directors of both subsidiaries of the Company and Towngas Smart Energy.

During the year ended 31st December 2025, options were exercised to subscribe for 9,988,000 (2024: nil) ordinary shares of Towngas Smart Energy of HK$0.1 each at an aggregate consideration of HK$33,959,000 (2024: nil).

During the year ended 31st December 2025, 11,600,000 options were granted pursuant to the share option scheme of Towngas Smart Energy on 18th March 2025. The estimated fair value of the options granted on that date was HK$8,251,000 (2024: nil).

During the year ended 31st December 2025, there are shares with subscription proceeds of approximately HK$50 million held by the senior management staff of the Company and its subsidiaries in connection with Towngas Lifestyle Holding Company Limited.

37 Contingent liabilities

The Company and the Group did not have any material contingent liabilities as at 31st December 2025 and 2024.

38 Commitments

(a) Capital expenditures for property, plant and equipment

	2025 HK$'M	2024 HK$'M
Contracts had been entered into but not brought into the consolidated financial statements at 31st December	2,840.1	3,418.0

(b) Share of capital expenditures for property, plant and equipment of joint ventures

	2025 HK$'M	2024 HK$'M
Contracts had been entered into but not brought into the consolidated financial statements at 31st December	1,389.6	3,578.3

(c) The Group has committed to provide sufficient funds in the forms of capital and loan contributions to finance certain new projects under various contracts in the Chinese mainland. The directors of the Company estimate that as at 31st December 2025, the Group's commitments to these projects were HK$841.9 million (2024: HK$506.3 million).

(d) Lease commitments

Lessor

The Group leases out the building facilities of the commercial complex and car parks of Grand Waterfront (further details of the carrying value of the property are contained in note 17). Except for certain car parks rented out on an hourly or a monthly basis, these leases typically run for a period of 2 to 5 years.

At 31st December 2025 and 2024, future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	2025 HK$'M	2024 HK$'M
Not later than 1 year	23.9	21.9
Later than 1 year and not later than 5 years	21.2	28.0
	45.1	49.9

39 Related party transactions

Henderson Land Development Company Limited ("Henderson") is a related party of the Group by virtue of its significant interest in and influence over the Group. Other related parties include subsidiaries of Henderson and one bank with a common director with the Company during the year. During the year, the transactions carried out and year end balances with the associates, joint ventures and other related parties are shown as follows:

39 Related party transactions *(Continued)*

(a) Interest income and sale of goods and services

	2025 HK$'M	2024 HK$'M
Associates		
Sale of goods and services (note (i))	367.6	605.5
Loan interest income (note (ii))	10.9	17.2
Joint ventures		
Sale of goods and services (note (i))	851.2	629.1
Loan interest income (note (ii))	1.3	6.4
Other related parties		
Sale of goods and services (note (i))	239.8	183.7

(b) Interest expense and purchase of goods and services

	2025 HK$'M	2024 HK$'M
Associates		
Purchase of goods and services (note (i))	460.6	695.2
Joint ventures		
Purchase of goods and services (note (i))	374.4	699.1
Loan interest expenses (note (ii))	–	13.4
Other related parties		
Purchase of goods and services (note (i))	19.4	8.5
Interest expense on bank loans (note (i))	21.9	20.4

Notes

(i) These related party transactions were conducted at prices and terms as agreed by parties involved.

(ii) For the terms and year end balances of loans, please refer to notes 21 and 22.

(c) Year end balances arising from interest expense and sale of goods and services to other related parties

	2025 HK$'M	2024 HK$'M
Bank loans and interest payables	682.6	513.4
Trade receivables	36.3	13.9
Trade payables	0.2	12.1

Note

For the terms and year end balances of bank loans and interest payables, trade receivables, and trade payables, please refer to notes 32, 29 and 31 respectively.

(d) Other related party transactions are also disclosed in note 12.

40 Notes to consolidated statement of cash flows

(a) Reconciliation of profit before taxation to net cash from operating activities

	2025 HK$'M	2024 HK$'M
Profit before taxation	8,605.8	8,490.4
Share of results of associates	(1,459.0)	(1,466.7)
Share of results of joint ventures	(569.0)	(613.5)
Impairment loss of trade receivables	76.8	75.6
Impairment loss of other receivables	17.9	–
Impairment loss of interest receivable from an associate	–	79.8
Write-down of inventory	13.5	11.2
Depreciation and amortisation	3,802.9	3,567.9
Loss on disposal/write off of property, plant and equipment	46.4	67.3
Remeasurement loss on assets classified as held-for-sale	21.7	–
Provision for assets	–	178.3
Gain on disposal and deemed disposal of subsidiaries and associates, net	(228.1)	(214.4)
Change in fair value of embedded derivative component of convertible bonds	(12.2)	(75.6)
Fair value loss on investment property	2.0	34.5
Ineffective portion on cash flow hedges	(2.3)	2.0
Interest expense	1,971.9	2,257.1
Interest income	(92.9)	(209.7)
Net realised and unrealised gains on financial assets at FVPL and derivative financial instruments	(195.4)	(26.5)
Net realised and unrealised losses on financial assets at FVOCI	–	0.1
Dividend income from investments in securities	(123.0)	(149.7)
Share-based payment	63.9	–
Exchange differences	212.6	(28.4)
Tax paid	(1,788.8)	(2,236.6)
Operating cash flows before changes in working capital	10,364.7	9,743.1
Changes in retirement benefit assets	3.0	3.4
Increase in inventories	(398.4)	(116.8)
Decrease/(increase) in trade and other receivables	694.4	(1,725.4)
(Decrease)/increase in trade payables and other liabilities	(64.0)	1,090.4
Decrease in customers' deposits and non-current contract liabilities	(73.1)	(18.9)
Increase in asset retirement obligations	6.4	24.5
Net cash from operating activities	10,533.0	9,000.3

40 Notes to consolidated statement of cash flows *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

	Leases HK$'M	Borrowings HK$'M
At 1st January 2024	418.9	57,768.9
Cash flows	(220.3)	374.6
Exchange differences	(9.5)	(702.4)
Disposal of subsidiaries	(29.7)	(39.4)
Other non-cash movement	148.6	20.5
At 31st December 2024	**308.0**	**57,422.2**
Cash flows	**(122.2)**	**937.8**
Exchange differences	**15.9**	**1,387.8**
Disposal of subsidiaries	**(11.8)**	**(182.8)**
Other non-cash movement	**281.9**	**135.6**
At 31st December 2025	**471.8**	**59,700.6**

(c) During the year ended 31st December 2025, total cash outflow for lease was included in the statement of cash flows in (a) interest paid of HK$20.3 million (2024: HK$20.7 million) under "financing activities", (b) principal elements of lease payments of HK$122.2 million (2024: HK$199.6 million) under "financing activities".

(d) During the year ended 31st December 2025, Towngas Lifestyle Holding Company Limited, a subsidiary of the Group issued shares to investors for proceeds of HK$355.6 million.

41 Acquisition of subsidiaries

(a) Further acquisition of subsidiaries

During the year ended 31st December 2025, the Group has further acquired the interest in several subsidiaries, from non-controlling shareholders with total consideration amounted to HK$50.6 million (2024: HK$43.3 million). The difference between the share of net assets value acquired and total consideration was recognised directly in equity for these transactions with non-controlling interests.

(b) Apart from the above, there were no other material acquisition of subsidiaries during the year ended 31st December 2025 and 2024.

42 Disposal of subsidiaries

(a) Disposal of renewable energy companies

Since 2024, the Group initiated an asset-light model to develop its renewable energy business and divested certain subsidiaries. During the year, the Group has disposed of partial equity interests in numerous subsidiaries which are principally engaged in the renewable energy business, at the aggregate consideration of approximately RMB1.5 billion (equivalent to approximately HK$1.6 billion) (2024: approximately RMB1.3 billion (equivalent to approximately HK$1.4 billion)). Upon completion of the disposals, these entities ceased to be the subsidiaries but remained as associates or joint ventures of the Group. In the opinion of the Directors, the disposals are individually immaterial and therefore presented on an aggregated basis.

The disposal resulted in gains on disposal as follows:

	2025 HK$'M	2024 HK$'M
Fair value of retained interest as associates or joint ventures	165.6	190.6
Consideration received and receivable	1,608.9	1,414.3
	1,774.5	1,604.9
The assets and liabilities disposed of are as follows:		
Property, plant and equipment	1,558.6	1,715.2
Right-of-use assets	10.1	24.7
Inventories	–	0.1
Trade and other receivables	632.9	457.6
Cash and bank balances	282.2	136.5
Trade and other payables	(904.9)	(841.5)
Contract liabilities	–	(0.2)
Provision of taxation	(1.7)	–
Borrowings	(24.8)	(39.4)
Lease liabilities	(11.1)	(29.7)
Net assets	1,541.3	1,423.3
Non-controlling interests	–	(9.3)
	1,541.3	1,414.0
Gains on disposal	233.2	190.9

Analysis of net cash inflow in respect of disposal of subsidiaries:

	2025 HK$'M	2024 HK$'M
Consideration received	1,389.9	797.6
Cash and cash equivalents disposed	(282.2)	(136.5)
	1,107.7	661.1

42 Disposal of subsidiaries *(Continued)*

(b) Disposal under the Group's Green Fuels business

During the year ended 31st December 2025, the Group has established a new investment platform, VENEX Holding Company Limited ("VENEX"), with Foran Energy Group Company Limited, a listed associate of Towngas Smart Energy Company Limited with each party holding a 50 per cent stake. Upon the formation of this joint venture, the Group injected its entire equity interest in Inner Mongolia ECO Coal Chemical Technology Company Limited, a subsidiary of the Group, which principally engages in green fuels and chemicals businesses, into VENEX at a consideration of HK$1,560.0 million (including equity consideration and repayment of shareholder's loan).

The financial impact on the disposal to the joint venture of the Group is as follows:

	HK$'M
Net cash received and receivable	260.0
Loan to a joint venture	980.0
Fair value of equity interest in VENEX	320.0
	1,560.0
The assets and liabilities disposed of are as follows:	
Property, plant and equipment	1,444.9
Right-of-use assets	35.2
Inventories	241.8
Trade and other receivables	69.1
Cash and bank balances	18.2
Trade payables and other liabilities	(160.4)
Borrowings	(158.0)
Deferred tax liabilities	(26.2)
Net assets	1,464.6
	95.4
Release of exchange reserve upon disposal	(2.4)
	93.0
Transaction related costs	(90.0)
Net impact on disposal	3.0

Analysis of net cash inflow in respect of disposal of subsidiaries:

	HK$'M
Consideration received	469.0
Cash and cash equivalents disposed	(18.2)
	450.8

42 Disposal of subsidiaries *(Continued)*

(b) Disposal under the Group's Green Fuels business *(Continued)*

Cumulative foreign exchange gains of Inner Mongolia ECO Coal Chemical Technology Company Limited amounting to HK$2.4 million that were recognised in other comprehensive income were released to profit or loss upon the disposal during the year ended 31st December 2025.

(c) Apart from the above, there were no other material disposal of subsidiaries during the year ended 31st December 2025 and 2024.

43 Assets held-for-sale/liabilities directly associated with assets held-for-sale

During 2024, the Group reclassified its entire equity interest in Inner Mongolia Ke Jian Coal Company Limited, a subsidiary of the Group, which principally engages in coal-related businesses to an asset held-for-sale as the Group intended to recover the carrying amount through sales. Upon reclassification, the investment was measured at the lower of carrying amount and fair value less costs of disposal. A share transfer agreement for this disposal was signed in December 2025, with consideration of HK$377.2 million. Based on the fair value of the equity interest, after taking into account a remeasurement loss of HK$144.0 million and a deposit forfeiture gain of HK$122.3 million, a net remeasurement loss of HK$21.7 million (2024: nil) was recognised as "Other gains, net" in the consolidated income statement for the year ended 31st December 2025.

The major classes of assets and liabilities of subsidiaries classified as held-for-sale, which were presented separately in the Group's consolidated statement of financial position as at 31st December 2025 and 2024, were as follows:

	2025 HK$'M	2024 HK$'M
Property, plant and equipment	423.3	540.0
Trade and other receivables	3.3	3.1
Cash and bank balances	10.1	7.6
Assets of subsidiaries reclassified as held-for-sale	436.7	550.7
Trade and other payables	44.1	42.2
Deferred tax liabilities	15.4	14.8
Liabilities of subsidiaries reclassified as held-for-sale	59.5	57.0

44 Statement of financial position of the Company

	2025 HK$'M	2024 HK$'M
Non-current assets		
Property, plant and equipment	13,474.9	13,231.0
Right-of-use assets	170.9	192.1
Intangible assets	13.4	13.4
Subsidiaries	33,422.2	29,907.8
Associate	664.7	664.7
Joint ventures	151.1	524.1
Retirement benefit assets	187.3	127.9
	48,084.5	44,661.0
Current assets		
Inventories	1,305.1	1,063.0
Trade and other receivables	2,292.0	3,256.3
Loans and other receivables from associates	22.6	22.8
Other receivables from joint ventures	67.9	58.7
Time deposits up to three months, cash and bank balances	340.6	546.5
	4,028.2	4,947.3
Current liabilities		
Trade payables and other liabilities	(2,360.9)	(2,136.5)
Provision for taxation	(121.8)	(166.1)
Borrowings	–	(1,328.9)
	(2,482.7)	(3,631.5)
Total assets less current liabilities	49,630.0	45,976.8

44 Statement of financial position of the Company *(Continued)*

	2025 HK$'M	2024 HK$'M
Non-current liabilities		
Loans and other payables to subsidiaries	(35,376.9)	(30,120.7)
Deferred taxation	(1,578.3)	(1,546.4)
Other non-current liabilities	(1,467.4)	(1,462.9)
	(38,422.6)	(33,130.0)
Net assets	11,207.4	12,846.8
Capital and reserves		
Share capital	5,474.7	5,474.7
Retained profits (note (a))	5,732.7	7,372.1
Total equity	11,207.4	12,846.8

Approved by the Board of Directors on 20th March 2026

Lee Ka-kit
Director

David Li Kwok-po
Director

44 Statement of financial position of the Company *(Continued)*

Note

(a) Retained profits

	HK$'M
At 1st January 2025	7,372.1
Profit attributable to shareholders	4,830.7
Other comprehensive income:	
Remeasurements of retirement benefit	60.9
Total comprehensive income for the year	12,263.7
2024 final dividend paid	(4,291.8)
2025 interim dividend paid	(2,239.2)
At 31st December 2025	5,732.7
Balance after 2025 final dividend proposed	1,440.9
2025 final dividend proposed	4,291.8
	5,732.7
At 1st January 2024	9,365.4
Profit attributable to shareholders	4,511.8
Other comprehensive income:	
Remeasurements of retirement benefit	25.9
Total comprehensive income for the year	13,903.1
2023 final dividend paid	(4,291.8)
2024 interim dividend paid	(2,239.2)
At 31st December 2024	7,372.1
Balance after 2024 final dividend proposed	3,080.3
2024 final dividend proposed	4,291.8
	7,372.1

45 List of Principal Subsidiaries

The following is a list of the principal subsidiaries as at 31st December 2025:

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas and related businesses (excluding extended businesses) in Hong Kong				
ECO Aviation Fuel Development Limited	HK$2	100	Hong Kong	Aviation fuel facility
ECO Aviation Fuel Services Limited	HK$10,000	100	Hong Kong	Aviation fuel facility
Lion Legend Limited	HK$100	100	Hong Kong	Café, restaurant and retail sales
Hong Kong & China Gas LNG International Trading Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding and liquefied natural gas trading
P-Tech Renewable Energy Limited	HK$100	100	Hong Kong	Investment holding
# Quality Testing Services Limited	HK$10,000	100	Hong Kong	Laboratory testing
P-Tech Landfill Gas (NENT) Limited	HK$100	100	Hong Kong	Landfill gas project
P-Tech Landfill Gas (NENT Extension) Company Limited	HK$100	100	Hong Kong	Landfill gas project
P-Tech Landfill Gas (SENT) Company Limited	HK$100	100	Hong Kong	Landfill gas project
Towngas Energy Academy Limited	HK$100	100	Hong Kong	Research & development and training

Direct subsidiaries of the Company

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water and waste treatment, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland				
Shanxi Hong Kong and China Coalbed Gas Company Limited	RMB200.0 million	70	PRC	Coalbed gas project
港華國際能源貿易有限公司	RMB50.0 million	100	PRC	Energy related business
Jiangsu Jinzhuo Construction Engineering Co., Ltd.	RMB100.0 million	64	PRC	Engineering work services
銅陵市隆中環保有限公司	RMB96.0 million	100	PRC	Food waste treatment project
† 卓度計量技術(深圳)有限公司	RMB109.0 million	100	PRC	Gas meter and related businesses
Danyang Hongkong & China Gas Co., Ltd.	RMB60.0 million	80	PRC	Gas sales and related businesses
Fengcheng Hong Kong & China Gas Co. Ltd.	RMB88.0 million	55	PRC	Gas sales and related businesses
Guangzhou Dongyong Hong Kong & China Gas Company Limited	HK$71.3 million	82.6	PRC	Gas sales and related businesses
Guangzhou Hong Kong and China Gas Company Limited	RMB105.0 million	80	PRC	Gas sales and related businesses
Jiangxi Hong Kong & China Gas Co., Ltd.	RMB25.9 million	56	PRC	Gas sales and related businesses
Jilin Hong Kong and China Gas Company Limited	RMB100.0 million	63	PRC	Gas sales and related businesses
Jingxian Hong Kong and China Gas Company Limited	RMB79.0 million	81	PRC	Gas sales and related businesses
† Peixian Hongkong and China Gas Company Limited	RMB100.0 million	100	PRC	Gas sales and related businesses
† Pingxiang Hong Kong & China Gas Co., Ltd.	RMB104.8 million	100	PRC	Gas sales and related businesses
† Suining Hong Kong and China Gas Co., Ltd.	RMB66.5 million	100	PRC	Gas sales and related businesses

† Wholly foreign-owned enterprises

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water and waste treatment, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
Taizhou Hong Kong and China Gas Company Limited	RMB83.0 million	65	PRC	Gas sales and related businesses
Taizhou Yongan Hong Kong & China Gas Co., Ltd.	US$10.0 million	93.9	PRC	Gas sales and related businesses
Wujiang Hong Kong and China Gas Company Limited	RMB60.0 million	80	PRC	Gas sales and related businesses
Xuzhou Hong Kong and China Gas Company Limited	RMB125.0 million	80	PRC	Gas sales and related businesses
Yixing Hong Kong and China Gas Company Limited	RMB172.0 million	80	PRC	Gas sales and related businesses
† Zhang Shu Hong Kong & China Gas Co., Ltd.	US$5.0 million	100	PRC	Gas sales and related businesses
Zhongshan Hong Kong and China Gas Limited	RMB96.0 million	70	PRC	Gas sales and related businesses
常州金壇港華燃氣有限公司	RMB120.0 million	60	PRC	Gas sales and related businesses
† 豐縣港華燃氣有限公司	US$4.5 million	100	PRC	Gas sales and related businesses
† 新密港華燃氣有限公司	US$12.5 million	100	PRC	Gas sales and related businesses
† 港華儲氣(金壇)有限公司	RMB300.0 million	100	PRC	Gas storage project
† C-Tech Investment Company Limited	RMB210.0 million	100	PRC	Investment holding
† Hong Kong & China Gas Investment Limited	US$75.0 million	100	PRC	Investment holding
† Hua Yan Environmental Investment (JiangSu) Co., Ltd.	RMB892.1 million	100	PRC	Investment holding
† 港華綜合電能投資(深圳)有限公司	RMB210.0 million	100	PRC	Investment holding

† Wholly foreign-owned enterprises

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water and waste treatment, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
Towngas Zero Carbon (Tianjin) Investment Partnership (Limited Partner)	RMB551.0 million	100	PRC	Investment platform
鄭州卓惠洗滌有限公司	RMB15.0 million	80	PRC	Laundry business
上海港燃能源集團有限公司	RMB0.6 million	100	PRC	Leasee of an office
寧夏易達天然氣有限公司	RMB210.0 million	70	PRC	LNG business
† 港華天然氣(唐山)有限公司	RMB500.0 million	100	PRC	LNG storage tanks and terminal
G-Tech Piping Company Limited	HK$100	100	Hong Kong	PE piping system business
† 卓通管道系統(中山)有限公司	RMB41.0 million	100	PRC	PE piping system business
† 港華熱能科技(南京)有限公司	RMB50.0 million	100	PRC	Thermal energy related services
時代城市發展(常州)有限公司	RMB9.0 million	100	PRC	Waste treatment project
† Maanshan Hong Kong and China Water Company Limited	RMB212.6 million	100	PRC	Water supply and related businesses
# Wuhu Hong Kong and China Water Company Limited	RMB400.0 million	75	PRC	Water supply and related businesses
Wujiang Hong Kong & China Water Co., Ltd.	RMB860.0 million	80	PRC	Water supply and related businesses
† 安徽省江北華衍水務有限公司	RMB374.4 million	100	PRC	Water supply and related businesses

† Wholly foreign-owned enterprises

Direct subsidiaries of the Company

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water and waste treatment, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly.				
徐州工業園區中港熱力有限公司	RMB160.0 million	49.8	PRC	Distributed energy systems businesses
Baotou Hong Kong & China Gas Company Limited	RMB20.0 million	85	PRC	Gas sales and related businesses
Beipiao Hong Kong and China Gas Company Limited	RMB56.0 million	80	PRC	Gas sales and related businesses
Boxing Hongkong & China Gas Co., Ltd	RMB40.0 million	65	PRC	Gas sales and related businesses
† Cang Xi Hong Kong and China Gas Company Limited	RMB20.0 million	100	PRC	Gas sales and related businesses
Cangxian Hong Kong & China Gas Co., Ltd.	RMB10.0 million	90	PRC	Gas sales and related businesses
Changting Hong Kong and China Gas Company Limited	RMB22.0 million	90	PRC	Gas sales and related businesses
Chaoyang Hongkong and China Gas Company Limited	US$10.8 million	90	PRC	Gas sales and related businesses
Chengdu Xindu Hong Kong and China Gas Co., Ltd.	RMB50.0 million	100	PRC	Gas sales and related businesses
† Chi Ping Hongkong & China Gas Co. Ltd.	RMB40.0 million	100	PRC	Gas sales and related businesses
† Chizhou Hong Kong and China Gas Company Ltd.	RMB70.0 million	100	PRC	Gas sales and related businesses
Da Yi Hong Kong and China Gas Company Limited	RMB20.0 million	100	PRC	Gas sales and related businesses
Dafeng Hong Kong and China Gas Company Limited	RMB80.0 million	51	PRC	Gas sales and related businesses

† Wholly foreign-owned enterprises

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water and waste treatment, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly. (Continued)				
† Dalian Lvshun Hong Kong and China Gas Co. Ltd.	US$15.0 million	100	PRC	Gas sales and related businesses
Dalian Wafangdian HongKong and China Gas Company Limited	RMB40.0 million	90	PRC	Gas sales and related businesses
† Gongzhuling Hong Kong and China Gas Company Limited	RMB88.0 million	100	PRC	Gas sales and related businesses
† Guilin Hong Kong & China Gas Co., Ltd.	RMB30.0 million	100	PRC	Gas sales and related businesses
† Huang Shan Hong Kong & China Gas Co., Ltd.	RMB40.0 million	100	PRC	Gas sales and related businesses
Huzhou Hong Kong and China Gas Company Limited	US$10.5 million	98.9	PRC	Gas sales and related businesses
Ji Nan Ping Yin Hong Kong & China Gas Co., Ltd.	RMB200.0 million	82.2	PRC	Gas sales and related businesses
Jiajiang Hong Kong & China Gas Company Limited	RMB20.0 million	70	PRC	Gas sales and related businesses
Jianping Hong Kong and China Gas Company Limited	RMB58.0 million	80	PRC	Gas sales and related businesses
Jianyang Hong Kong & China Gas Co., Ltd.	RMB150.0 million	100	PRC	Gas sales and related businesses
† Kazuo Hong Kong & China Gas Co., Ltd.	US$6.4 million	100	PRC	Gas sales and related businesses
† Laiyang Hong Kong and China Gas Co., Ltd.	US$11.5 million	100	PRC	Gas sales and related businesses
† Lezhi Hong Kong and China Gas Company Limited	RMB30.0 million	100	PRC	Gas sales and related businesses
† Liuzhou Hong Kong & China Gas Co., Ltd.	RMB50.0 million	100	PRC	Gas sales and related businesses
† Longkou Hongkong and China Gas Company Limited	US$7.1 million	100	PRC	Gas sales and related businesses

† Wholly foreign-owned enterprises

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water and waste treatment, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly. (Continued)				
† Luliang Hong Kong & China Gas Company Limited	RMB52.0 million	100	PRC	Gas sales and related businesses
Maanshan Bowang Hong Kong & China Gas Co., Ltd.	US$10.0 million	75.1	PRC	Gas sales and related businesses
Meishan Peng Shan Hong Kong and China Gas Company Limited	RMB20.0 million	70	PRC	Gas sales and related businesses
Miluo Hong Kong and China Gas Co. Ltd	RMB50.0 million	70	PRC	Gas sales and related businesses
Peng Xi Hong Kong and China Gas Company Limited	RMB20.0 million	100	PRC	Gas sales and related businesses
Pingchang Hong Kong & China Gas Co., Ltd.	RMB20.0 million	90	PRC	Gas sales and related businesses
Qingdao Dong Yi Hong Kong and China Gas Company Limited	RMB30.0 million	60	PRC	Gas sales and related businesses
Qingdao Zhongji Hong Kong and China Gas Company Limited	RMB150.0 million	90	PRC	Gas sales and related businesses
Santai Hong Kong & China Co., Ltd.	RMB30.0 million	100	PRC	Gas sales and related businesses
† Shenyang Hong Kong & China Gas Company Limited	US$24.5 million	100	PRC	Gas sales and related businesses
Siping Hong Kong & China Gas Company Limited	RMB45.0 million	80	PRC	Gas sales and related businesses
Tie Ling Hong Kong and China Gas Company Limited	RMB333.0 million	80	PRC	Gas sales and related businesses
† Tongshan Hong Kong and China Gas Co. Ltd	RMB124.0 million	100	PRC	Gas sales and related businesses
Tongxiang Hong Kong and China Gas Company Limited	US$7.0 million	76	PRC	Gas sales and related businesses

† Wholly foreign-owned enterprises

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water and waste treatment, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly. (Continued)				
Weiyuan Hong Kong and China Gas Co., Ltd.	RMB30.0 million	100	PRC	Gas sales and related businesses
Xin Jin Hong Kong and China Gas Company Limited	RMB40.0 million	60	PRC	Gas sales and related businesses
Xingyi Hong Kong & China Gas Company Limited	RMB50.0 million	70	PRC	Gas sales and related businesses
† Yang Jiang Hong Kong and China Gas Company Limited	RMB50.0 million	100	PRC	Gas sales and related businesses
Yangxin Hongkong & China Gas Company Limited	RMB18.0 million	76	PRC	Gas sales and related businesses
† Yifeng Hongkong and China Gas Co., Ltd.	RMB32.0 million	100	PRC	Gas sales and related businesses
† Yingkou Hong Kong and China Gas Co., Ltd.	US$9.4 million	100	PRC	Gas sales and related businesses
Yue Chi Hong Kong and China Gas Company Limited	RMB30.0 million	90	PRC	Gas sales and related businesses
† Zhong Jiang Hong Kong and China Gas Company Limited	RMB30.0 million	100	PRC	Gas sales and related businesses
Ziyang Hong Kong & China Gas Co., Ltd.	RMB30.0 million	90	PRC	Gas sales and related businesses
† 本溪滿族自治縣港華天然氣有限公司	RMB40.0 million	100	PRC	Gas sales and related businesses
† 阜新新邱港華燃氣有限公司	RMB34.0 million	100	PRC	Gas sales and related businesses
† 廣西中威管道燃氣發展集團有限責任公司	RMB30.0 million	100	PRC	Gas sales and related businesses
清遠港華燃氣有限公司	RMB50.0 million	80	PRC	Gas sales and related businesses

† Wholly foreign-owned enterprises

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water and waste treatment, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly. (Continued)				
齊齊哈爾港華燃氣有限公司	RMB128.6 million	61.7	PRC	Gas sales and related businesses
韶關港華燃氣有限公司	RMB50.0 million	100	PRC	Gas sales and related businesses
松陽港華燃氣有限公司	RMB80.0 million	51.4	PRC	Gas sales and related businesses
修水港華燃氣有限公司	RMB30.0 million	60	PRC	Gas sales and related businesses
† Qiqihar Xingqixiang Gas Company Limited	RMB60.0 million	100	PRC	Gas vehicle filling stations
內蒙古港億天然氣有限公司	RMB80.0 million	85	PRC	Mid-stream natural gas project
† Towngas Natural Gas Sales Co., Ltd.	RMB50.0 million	100	PRC	Procurement of natural gas resource
† Ningbo Gangkun New Energy Technology Co., Ltd.	RMB1.0 million	100	PRC	Renewable energy
† 港華(深圳)綠電有限公司	RMB200.0 million	100	PRC	Renewable energy
濟寧港華智慧能源有限公司	RMB250.0 million	100	PRC	Renewable energy
† 寧波聯闊新能源有限公司	RMB70.0 million	100	PRC	Renewable energy
† 青島市萊西港能清潔能源有限公司	RMB5.4 million	100	PRC	Renewable energy
† 陝西港華建能電力工程有限公司	RMB100.0 million	100	PRC	Renewable energy
† 瀋陽港能投智慧能源科技有限公司	RMB22.5 million	100	PRC	Renewable energy
† 天津濱海空保港能投新能源有限公司	RMB1.9 million	100	PRC	Renewable energy
† 濰坊港能投清潔能源有限公司	RMB130.0 million	100	PRC	Renewable energy
† 宜興環興新能源有限公司	RMB23.5 million	100	PRC	Renewable energy
四川港華合縱能源有限公司	RMB230.0 million	98.8	PRC	Upstream natural gas project

† Wholly foreign-owned enterprises

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Green Fuels businesses				
[1] 臻新綠源科技(佛山)有限公司	RMB48.0 million	100	PRC	Research and development
Other businesses				
[1] TERA-Award Company Limited	HK$100	100	Hong Kong	Advisory & incubation services to energy technology start-ups
[†] Inner Mongolia Ke Jian Coal Company Limited	RMB486.0 million	100	PRC	Coal related business
[1] 平行數字科技(江蘇)有限公司	RMB10.0 million	100	PRC	Digital technology
[#] P-Tech Engineering Company Limited	HK$2	100	Hong Kong	Engineering and related businesses
U-Tech Engineering Company Limited	HK$22.2 million	100	Hong Kong	Engineering and related businesses
Climate-Tech Energy Global Consultancy Limited	HK$1.0 million	100	Hong Kong	ESG consultancy services
[1] 廣東臻為綠源能源科技有限公司	RMB600.0 million	100	PRC	Green fuels and chemicals project
[†] ECO Environmental Energy Investments Limited	US$100.0 million	100	PRC	Investment holding
[†] Yi An (Inner Mongolia) Holding Co., Ltd.	US$238.2 million	100	PRC	Investment holding
[1] 廣東臻為綠源投資有限公司	RMB1,200.0 million	100	PRC	Investment holding
[Δ] ECO Orient Resources (Thailand) Ltd.	THB425.0 million	100	Thailand	Oil business
Starmax Assets Limited	HK$90.0 million	100	British Virgin Islands/ Hong Kong	Property development

[1] Newly formed/acquired during the year

[†] Wholly foreign-owned enterprises

[#] Direct subsidiaries of the Company

[Δ] The company has a 60% interest in a joint arrangement of oil field concession rights in Thailand. The principal place of business of the joint operations is in Thailand.

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Other businesses (Continued)				
TGT China Cloud Data Services (Harbin) Co., Ltd.	RMB161.0 million	92.2	PRC	Telecommunications business
Towngas Chibo Data Service (Jinan) Co., Ltd.	RMB249.0 million	93.6	PRC	Telecommunications business
† Towngas Telecom (Peixian) Co., Ltd.	RMB9.0 million	100	PRC	Telecommunications business
Towngas Telecom (Shandong) Company Limited	RMB40.0 million	90.1	PRC	Telecommunications business
† Towngas Telecommunications (Shenzhen) Limited	RMB6.0 million	100	PRC	Telecommunications business
Towngas Telecommunications Fixed Network Limited	HK$35.0 million	100	Hong Kong	Telecommunications business
† 北京馳波名氣通數據服務有限公司	RMB9.0 million	100	PRC	Telecommunications business
大連名氣通數據服務有限公司	RMB173.0 million	100	PRC	Telecommunications business
東莞名氣通數據服務有限公司	RMB178.0 million	82	PRC	Telecommunications business
† 豐縣名氣通電訊有限公司	RMB7.5 million	100	PRC	Telecommunications business
萊陽名氣通電訊有限公司	US$1.6 million	90	PRC	Telecommunications business
† 名氣通網絡(深圳)有限公司	RMB293.0 million	100	PRC	Telecommunications business
卓明信息(深圳)有限公司	RMB49.0 million	100	PRC	Telecommunications business

† Wholly foreign-owned enterprises

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Extended businesses				
Towngas Lifestyle Holding Company Limited	US$10,890.3	87.9	Cayman Islands/ Hong Kong	Investment holding
The following subsidiaries engaged in gas and related businesses are held by Towngas Lifestyle Holding Company Limited and the respective equity interest held by Towngas Lifestyle Holding Company Limited is shown accordingly.				
港華紫荊農莊(句容)有限公司	RMB40.0 million	78.4	PRC	Agricultural and related businesses
[1] 銅陵名氣家生活科技有限公司	USD2.9 million	70	PRC	Appliance sales
Novel Idea International Limited	HK$100	100	Hong Kong	Design, supply & installation of gas system and products
Alpha Idea International Limited	HK$100	100	Hong Kong	Gas projects
港華名氣家信息(深圳)有限公司	RMB102.0 million	100	PRC	Information technology services
上海安國保險經紀有限公司	RMB60.0 million	100	PRC	Insurance broker
[1] TN Insurance Consultants Limited	HK$46.0 million	73	Hong Kong	Insurance broker & consultant
Brilliant Shine Ventures Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
[#] Eminent Power Enterprises Limited	US$2	100	British Virgin Islands/ Hong Kong	Investment holding
Excel Creation Investments Limited	US$2	100	British Virgin Islands/ Hong Kong	Investment holding
[1] TCCL (PCB) Limited	US$2	100	Cayman Islands	Investment holding
Towngas Lifestyle (China) Company Limited	HK$100	100	Hong Kong	Investment holding
Towngas Lifestyle (Hong Kong) Company Limited	HK$100	100	Hong Kong	Investment holding
Townlife Holding Company Limited	HK$47.5 million	73	Hong Kong	Investment holding
[1] TSEL Lifestyle Services Limited	HK$100	100	Hong Kong	Investment holding
北京匡豐信息技術有限公司	RMB40.0 million	100	PRC	Investment holding
[†] 名氣家投資有限公司	RMB821.2 million	100	PRC	Investment holding

[1] Newly formed/acquired during the year

[#] Direct subsidiaries of the Company

[†] Wholly foreign-owned enterprises

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Extended businesses (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Lifestyle Holding Company Limited and the respective equity interest held by Towngas Lifestyle Holding Company Limited is shown accordingly. (Continued)				
Summit Result Developments Limited	HK$100	100	Hong Kong	Leasee of customers centre
Towngas Enterprise Limited	HK$2	100	Hong Kong	Retail sales
卓銳智高(武漢)科技有限公司	RMB51.2 million	100	PRC	System development & consulting services
名氣家（蘇州）數字科技有限公司	RMB51.2 million	100	PRC	System development & technical services
Towngas Lifestyle IP Limited	HK$100	100	Hong Kong	Trademarks and patents holding
Financing & securities investments				
# Eagle Legend International Limited	HK$100	100	Hong Kong	Financing
# HKCG (Finance) Limited	HK$100	100	Hong Kong	Financing
# Towngas (Finance) Limited	HK$100	100	British Virgin Islands	Financing
# China Guide Resources Limited	HK$100	100	Hong Kong	Securities investment
Investstar Limited	HK$100	100	Hong Kong	Securities investment
Superfun Enterprises Limited	US$1	100	British Virgin Islands/ Hong Kong	Securities investment
The following subsidiaries engaged in financing & securities investments are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly.				
TCCL (Finance) Limited	HK$1	100	Hong Kong	Financing
TCCL (Project Finance) Limited	HK$100	100	Hong Kong	Financing

Direct subsidiaries of the Company

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding				
Apex Time Holdings Limited	HK$100	100	Hong Kong	Investment holding
C-Tech Laundry (0003) Investment Company Limited	HK$100	100	Hong Kong	Investment holding
ECO Coal Chemical Technology (Inner Mongolia) Limited	HK$100	100	Hong Kong	Investment holding
ECO Environmental Energy (China) Limited	HK$100	100	Hong Kong	Investment holding
ECO Environmental Investments Limited	HK$2	100	Hong Kong	Investment holding
ECO Orient Energy (Thailand) Ltd.	US$12,000	100	Bermuda	Investment holding
Fanico Investments Limited	HK$1	100	Hong Kong	Investment holding
G-Tech Piping Technologies Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong & China Gas (Anhui) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Changzhou) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Chaozhou) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (China) Limited	HK$9,900	100	British Virgin Islands/ Hong Kong	Investment holding

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
Hong Kong & China Gas (Danyang) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Fengcheng) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Guangzhou) Limited	HK$1,000	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Hebei) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Jilin Province) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Jinan) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Jintan) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Nanjing) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Panyu) Limited	HK$1,000	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Suzhou) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Taizhou) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Wuhan) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
Hong Kong & China Gas (Wujiang) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Xuzhou) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Yixing) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Zhangjiagang) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Zhongshan) Limited	HK$1,000	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Water (Suzhou) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Water (Wujiang) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Water Limited (carrying on business in Hong Kong as Hua Yan Water (China) Limited)	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong and China Energy Holdings Company Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Energy Investment Holdings Company Limited	US$1	100	British Virgin Islands	Investment holding
Hong Kong and China Environmental Holdings Company Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Hainan) Limited	HK$100	100	Hong Kong	Investment holding

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
Hong Kong and China Gas (Jiangsu) Agricultural Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Jiangxi) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Jingxian) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Qianhai) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Suxiang) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Tangshan) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Xinmi) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Zhangshu) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Zhengzhou) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Power Holdings Company Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Power Investment Holdings Company Limited	US$1	100	British Virgin Islands	Investment holding
Hong Kong and China Water (Anhui Jiangbei) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Water (Maanshan) Limited	HK$100	100	Hong Kong	Investment holding
Meter Technologies Limited	HK$100	100	Hong Kong	Investment holding
M-Tech Instrument Corporation (Holding) Limited	HK$119	100	Hong Kong	Investment holding
NovaNex Investments Company Limited	HK$100	100	Hong Kong	Investment holding

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
# NovaNex Investments Holding Limited	US$1	100	British Virgin Islands	Investment holding
# Premier Century Investments Limited	HK$14.0 million	100	Hong Kong	Investment holding
Sky Global Limited (carrying on business in Hong Kong as Hong Kong & China Gas (Jilin Gas) Limited)	US$100	100	British Virgin Islands/ Hong Kong	Investment holding
#1 TERA-Award Holding Company Limited	US$1	100	Cayman Islands	Investment holding
TGT Cloud Services (Hong Kong) Holding Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Destic Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Fengxian Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Harbin Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Laiyang Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Peixian Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Shenzhen Data Services Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Songshanhu Company Limited	HK$100	100	Hong Kong	Investment holding
TGT TGgo Company Limited	US$1	100	British Virgin Islands	Investment holding

Direct subsidiaries of the Company

1 Newly formed/acquired during the year

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
Towngas Energy Academy Holding Limited	HK$100	100	Hong Kong	Investment holding
Towngas Global Net Limited	HK$0.2	100	Cayman Islands/ Hong Kong	Investment holding
# Towngas Investment Company Limited	HK$2	100	Hong Kong	Investment holding
Towngas Renewable Energy Company Limited	US$1	100	British Virgin Islands	Investment holding
# Towngas Smart Energy Company Limited	US$1	100	British Virgin Islands	Investment holding
* Towngas Smart Energy Company Limited	3,671,690,180 shares of HK$0.1 each	69.25	Cayman Islands/ Hong Kong	Investment holding
Towngas Telecommunications (China) Limited	US$1	100	British Virgin Islands	Investment holding
Towngas Telecommunications Company Limited	HK$100	100	Hong Kong	Investment holding

Direct subsidiaries of the Company

* Listed on The Stock Exchange of Hong Kong Limited

1 Newly formed/acquired during the year

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly.				
Chao Sheng Investments Limited	HK$100	100	Hong Kong	Investment holding
C-Tech Laundry Investment Company Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong & China Gas (Anqing) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Maanshan) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Qingdao) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Taian) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Weifang) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Weihai) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Yantai) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Zibo) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong and China Gas (Dalian) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Zhumadian) Limited	HK$100	100	Hong Kong	Investment holding
Singkong Investments Limited	HK$10,000	100	Hong Kong	Investment holding

45 List of Principal Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2025: *(Continued)*

Name	Issued share capital/ registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly. (Continued)				
TCCL (Project Capital) Limited	US$1	100	British Virgin Islands	Investment holding
TCCL (Project) Limited	HK$100	100	Hong Kong	Investment holding
Towngas China (Fengxi) Limited	HK$100	100	Hong Kong	Investment holding
Towngas China (Zhengpugang) Limited	HK$100	100	Hong Kong	Investment holding
Towngas China Energy Investment Limited	HK$100	100	Hong Kong	Investment holding
† Towngas China Energy Investment Limited	RMB2,250.0 million	100	PRC	Investment holding
Towngas China Group Limited	US$12,821	100	British Virgin Islands/ Hong Kong	Investment holding
Towngas China Holdings Limited	HK$100	100	Hong Kong	Investment holding
† Towngas Investments Limited	US$200.0 million	100	PRC	Investment holding
Towngas Renewable Energy (HK) Company Limited	HK$100	100	Hong Kong	Investment holding
TSEL (Gas) Holdings Limited	HK$100	100	Hong Kong	Investment holding
TSEL (Gas) Investment Limited	HK$100	100	Hong Kong	Investment holding

† Wholly foreign-owned enterprises

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

Corporate Information

Board of Directors

Non-executive Directors
Lee Ka-kit (Chairman)
Lee Ka-shing (Chairman)
Colin Lam Ko-yin
Andrew Fung Hau-chung

Independent Non-executive Directors
David Li Kwok-po
Poon Chung-kwong
Moses Cheng Mo-chi
Anna Wong Wai-kwan

Executive Directors
Peter Wong Wai-yee
(Managing Director)
Yeung Lui-ming
(Chief Financial Officer)
Chan Ying-lung
(Chief Investment Officer)

Company Secretary
Elsa Wong Lai-kin

Board Audit and Risk Committee
David Li Kwok-po (Chairman)
Poon Chung-kwong
Moses Cheng Mo-chi
Anna Wong Wai-kwan

Remuneration Committee
David Li Kwok-po (Chairman)
Lee Ka-kit
Lee Ka-shing
Poon Chung-kwong
Moses Cheng Mo-chi
Anna Wong Wai-kwan

Nomination Committee
Lee Ka-kit (Chairman)
Lee Ka-shing (Chairman)
David Li Kwok-po
Poon Chung-kwong
Moses Cheng Mo-chi
Anna Wong Wai-kwan

Board Environmental, Social and Governance Committee
Anna Wong Wai-kwan (Chairman)
Moses Cheng Mo-chi
Peter Wong Wai-yee
Yeung Lui-ming

Registered Office
23rd Floor, 363 Java Road,
North Point, Hong Kong

Company's Website
www.towngas.com

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Computershare Hong Kong
Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong
Tel: 2862 8555
Fax: 2865 0990

Auditor
PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor
22nd Floor, Prince's Building,
Central, Hong Kong

Investor Relations
Group Investor Relations Department
Tel: 2963 2739
Fax: 2911 9005
e-mail: invrelation@towngas.com

Corporate Affairs Department
Tel: 2963 3493
Fax: 2516 7368
e-mail: cad@towngas.com

Company Secretarial Department
Tel: 2963 3292
Fax: 2562 6682
e-mail: compsec@towngas.com

Financial Calendar

Half-Year Results	Announced on Wednesday, 20th August 2025
Full-Year Results	Announced on Friday, 20th March 2026
Annual Report	To be posted to Shareholders in late April 2026
Register of Members	(i) To be closed from Wednesday, 27th May 2026 to Monday, 1st June 2026, for the purpose of determining entitlement of Shareholders to the right to attend and vote at the Annual General Meeting
	(ii) To be closed from Friday, 5th June 2026 to Tuesday, 9th June 2026, for the purpose of determining Shareholders who qualify for the proposed final dividend
Annual General Meeting	To be held on Monday, 1st June 2026
Dividends – Interim	HK12 cents – Paid on Monday, 15th September 2025
– Final (Proposed)	HK23 cents – Payable on Thursday, 18th June 2026

Both printed English and Chinese versions of this Annual Report are available upon request from the Company and the Company's share registrar free of charge. The website version of this Annual Report is also available on the Company's website.

The Hong Kong and China Gas Company Limited

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www.towngas.com

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