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香港中華煤氣有限公司

The Hong Kong and China Gas Company Limited

(Incorporated in Hong Kong under the Companies Ordinance with limited liability)

(Stock Code: 3)

2025 ANNUAL RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHTS

Core operating profit rises 4% as net profit holds steady,
green energy segment sees strong growth

- In 2025, HKCG pursued quality improvement and efficiency gains, restructured the business, introduced strategic investors to a variety of green energy solutions, and established a more robust business framework. The 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 similar level as last year.
- For its **Hong Kong utility business**, the Group provided gas and energy management solutions to mainland catering brands expanding into Hong Kong, as well as to emerging food and beverage operators. Coupled with the introduction of energy-efficient gas dehumidification systems in hotels, hospitals and large public facilities, overall gas sales volume remained stable. Additionally, the Group debuted Hong Kong's first integrated hydrogen power generator at the venue of the 15th National Games golf competition to supply the venue with green electricity. Other hydrogen energy applications developed during the year included power generation at construction sites and electric vehicle charging systems.
- For the **Chinese mainland utility businesses**, the Group continued promoting the use of natural gas in the industrial and commercial sectors and conversions to piped natural gas in old communities. Gas sales volume remained stable at 36.35 billion cubic metres. The Group also implemented cost pass-throughs for residential customers during the year, increasing the city-gas dollar margin by RMB0.02 to RMB0.54 per cubic metre.

- EcoCeres made rapid progress developing the **sustainable aviation fuel (SAF)** market in 2025. When the new SAF plant in Malaysia was commissioned at the end of 2025, EcoCeres's total annual production capacity for renewable fuels increased from 350,000 tonnes to 770,000 tonnes. The company also responded to the HKSAR Government's green energy strategy by fully supporting the development of an SAF industrial chain in the Guangdong-Hong Kong-Macao Greater Bay Area.
- For the **green methanol business**, the Group's joint venture with Foran Energy, VENEX, finalised plans to construct a new green methanol plant in Sanshui, Foshan. Initial production capacity is projected to reach 200,000 tonnes by 2028. In October, VENEX signed a strategic memorandum of understanding with Veolia and SIPG Energy to supply green methanol and jointly develop a comprehensive supply and distribution network.
- For the **renewable energy business**, the Group increased distributed photovoltaic grid-connected capacity by 500MW during the year. By the end of 2025, the accumulated grid-connected installed capacity of our distributed photovoltaic projects had reached 2.8 GW. Photovoltaic power generation rose by 36% to 2.48 billion kWh, and our power trading volume reached 8.4 billion kWh. During the year, the Group issued the second and third phases of our Quasi-REITs products, with cumulative financing of Assets under Management reaching RMB3.5 billion, continuously broadening our capital channels, optimising our cash flow structure, and deepening our asset-light strategy to lay a solid foundation for subsequent development.
- For the **extended business**, the Group consolidates its gas customer base of 46 million households in Hong Kong and the Chinese mainland, and offers premium smart living services through Towngas Lifestyle, covering a market of approximately 130 million people. In 2025, Towngas Lifestyle completed its first round of strategic financing, totalling US\$45 million, to support business expansion in this market.
- The launch of the country's 15th Five-Year Plan is expected to accelerate the development of a new energy system and 100 national zero-carbon industrial parks. Policy tailwinds are expected to continue to emerge, including opportunities for the Group to advance green and low-carbon energy, set zero-carbon park standards, and integrate artificial intelligence, big data and automation technologies in its business. All these initiatives will help to enhance competitiveness and corporate value for the Group.
- The Board recommends a final dividend of HK23 cents per share. Including the interim dividend of HK12 cents per share paid on 15th September 2025, the total dividend for the full year will be HK35 cents per share.

FINANCIAL HIGHLIGHTS

Highlights of the results of the Group's business for the year and the comparative figures for the corresponding last year are as follows:

| | Audited For the Year ended 31st December | |
|--|---|-------------|
| | 2025 | 2024 |
| Revenue, HK million dollars | 54,326 | 55,473 |
| Group operating after-tax profit, HK million dollars | 7,501 | 7,379 |
| Core operating profit, HK million dollars | 5,999 | 5,756 |
| Non-operating gains and losses, net, HK million dollars | (311) | (44) |
| Profit attributable to shareholders, HK million dollars | 5,688 | 5,712 |
| Basic earnings per share, HK cents | 30.5 | 30.6 |
| Town Gas Sold in Hong Kong, million MJ | 27,181 | 27,159 |
| Gas Sold by City-gas Business on the Chinese mainland, million cubic metres, natural gas equivalent* | 36,348 | 36,355 |
| Number of Customers in Hong Kong as at 31st December, thousand | 2,056 | 2,037 |
| Number of City-gas Customers on the Chinese mainland as at 31st December, thousand* | 44,265 | 42,491 |

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

FINAL DIVIDEND

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. The necessary resolution will be proposed at the forthcoming annual general meeting of the Company to be held on 1st June 2026, and if passed, dividend warrants will be posted to shareholders on Thursday, 18th June 2026.

FINANCIAL INFORMATION

The Board of Directors has pleasure in presenting a summary of results of the Group for the year ended 31st December 2025 with comparative figures for the previous corresponding year as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2025

| | Note | 2025 HK\$M | 2024 HK\$M |
|--|------|-------------------|---------------|
| Revenue | 4 | 54,326.3 | 55,472.8 |
| Total operating expenses | 5 | (46,194.2) | (47,294.9) |
| | | 8,132.1 | 8,177.9 |
| Other gains, net | 6 | 417.6 | 489.4 |
| Interest expense | | (1,971.9) | (2,257.1) |
| Share of results of associates | | 1,459.0 | 1,466.7 |
| Share of results of joint ventures | | 569.0 | 613.5 |
| Profit before taxation | | 8,605.8 | 8,490.4 |
| Taxation | 7 | (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 |
| Dividends | 8 | 6,531.0 | 6,531.0 |
| Earnings per share – basic, HK cents | 9 | 30.5 | 30.6 |
| Earnings per share – diluted, HK cents | 9 | 30.2 | 30.1 |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2025**

| | 2025 | 2024 |
|---|----------------|-----------|
| | HK\$M | HK\$M |
| Profit for the year | 6,714.9 | 6,761.2 |
| Other comprehensive income: | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | |
| 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) |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| 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 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2025**

| | Note | 2025 HK\$M | 2024 HK\$M |
|--|------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 71,946.7 | 70,776.0 |
| Investment property | | 964.6 | 966.6 |
| Right-of-use assets | | 2,052.1 | 1,872.1 |
| Intangible assets | | 4,463.5 | 4,388.0 |
| Associates | | 39,556.1 | 36,074.7 |
| Joint ventures | | 10,278.8 | 10,612.1 |
| Financial assets at fair value through other comprehensive income | | 1,611.0 | 1,692.0 |
| Financial assets at fair value through profit or loss | | 1,989.6 | 1,436.3 |
| Derivative financial instruments | | 92.3 | 120.3 |
| Retirement benefit assets | | 187.3 | 127.9 |
| Other non-current assets | | 6,370.3 | 5,862.0 |
| | | <u>139,512.3</u> | <u>133,928.0</u> |
| Current assets | | | |
| Inventories | | 3,007.3 | 2,794.6 |
| Trade and other receivables | 10 | 9,881.3 | 11,474.9 |
| Loan and other receivables from associates | | 936.8 | 1,191.5 |
| Loan and other receivables from joint ventures | | 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 | | 1,391.7 | 1,330.0 |
| Derivative financial instruments | | 2.2 | 1.0 |
| Time deposits over three months | | 71.1 | 89.1 |
| Time deposits up to three months, cash and bank balances | | 6,547.9 | 6,271.5 |
| | | <u>23,606.1</u> | <u>23,789.9</u> |
| Assets held-for-sale | | <u>436.7</u> | <u>550.7</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31ST DECEMBER 2025

| | Note | 2025 HK\$M | 2024 HK\$M |
|--|------|-------------------|-------------------|
| Current liabilities | | | |
| Trade payables and other liabilities | 11 | (20,199.8) | (20,750.8) |
| Loan and other payables to associates | | (70.9) | (261.5) |
| Loan and other payables to joint ventures | | (168.9) | (473.4) |
| Loan and other payables due to non-controlling shareholders | | (110.0) | (52.7) |
| Provision for taxation | | (819.1) | (930.7) |
| Borrowings | | (16,828.7) | (13,461.2) |
| Derivative financial instruments | | (16.5) | (80.2) |
| | | <u>(38,213.9)</u> | <u>(36,010.5)</u> |
| Liabilities directly associated with assets held-for-sale | | | |
| | | <u>(59.5)</u> | <u>(57.0)</u> |
| Total assets less current liabilities | | <u>125,281.7</u> | <u>122,201.1</u> |
| Non-current liabilities | | | |
| Deferred taxation | | (7,349.4) | (6,908.4) |
| Borrowings | | (42,871.9) | (43,961.0) |
| Derivative financial instruments | | (40.3) | (87.2) |
| Loans from joint ventures | | (320.5) | (127.1) |
| Other non-current liabilities | | (3,310.3) | (2,783.9) |
| | | <u>(53,892.4)</u> | <u>(53,867.6)</u> |
| Net assets | | <u>71,389.3</u> | <u>68,333.5</u> |
| Capital and reserves | | | |
| Share capital | | 5,474.7 | 5,474.7 |
| Reserves | | 53,876.4 | 51,915.7 |
| Shareholders' funds | | <u>59,351.1</u> | <u>57,390.4</u> |
| Non-controlling interests | | <u>12,038.2</u> | <u>10,943.1</u> |
| Total equity | | <u>71,389.3</u> | <u>68,333.5</u> |

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 financial figures in respect of the announcement of the Group’s results for the year ended 31st December 2025 have been agreed by the Company’s auditor, PricewaterhouseCoopers Hong Kong (“PwC”), to the amount set out in the Group’s audited consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and consequently no assurance has been expressed by PwC on this announcement.

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 financial information relating to the years ended 31st December 2025 and 2024 included in this announcement of 2025 annual results does not constitute the Group’s statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (the “Companies Ordinance”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31st December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31st December 2025 in due course.

The Company’s auditor has reported on the consolidated financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Changes in accounting policies

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

The Group has adopted the following amendments to standards which is 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.

3. Financial risk management and fair value estimation of financial instruments

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 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Financial risk management and fair value estimation of financial instruments (Continued)

The following table presents the Group's financial assets and financial liability that are measured at fair value at 31st December 2025 and 2024.

| HK\$M | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|----------------|---------|-------------|---------|----------------|-------|----------------|---------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Financial assets | | | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | | | |
| - 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 fair value through other comprehensive income | | | | | | | | |
| - 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Financial risk management and fair value estimation of financial instruments (Continued)

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 year.

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 approximately HK\$5.7 million (2024: approximately 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Financial risk management and fair value estimation of financial instruments (Continued)

The following table presents the changes in level 3 instruments of the Group for the year ended 31st December 2025 and 2024:

| HK\$M | Financial assets | | Financial liability | |
|-----------------------|------------------|--------------|---------------------|-------------|
| | 2025 | 2024 | 2025 | 2024 |
| 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 | <u>2,434.0</u> | <u>656.4</u> | <u>5.7</u> | <u>17.3</u> |

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

4. 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 |
| | <u>54,326.3</u> | <u>55,472.8</u> |

Note

Certain comparative figures have been reclassified to conform to the current year's presentation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Segment information (Continued)

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.

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 | <u>Gas, water and waste treatment, renewable energy, extended businesses and related businesses</u> | | <u>Green Fuels</u> | <u>Property</u> | <u>Other segments</u> | <u>Total</u> |
|---|---|-----------------------------|------------------------|-----------------|---------------------------|-----------------|
| | <u>Hong Kong</u> | <u>Chinese mainland</u> | | | | |
| 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 |
| | <u>11,508.9</u> | <u>41,489.9</u> | <u>396.2</u> | <u>64.3</u> | <u>867.0</u> | <u>54,326.3</u> |
| 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 6) | | | | | | 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 | | | | | | <u>6,714.9</u> |

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.

Note

(a) Share of results of associates includes a decrease of HK\$30.9 million (2024: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Segment information (Continued)

| 2024 HK\$M (restated) (note (b)) | <u>Gas, water and waste treatment, renewable energy, extended businesses and related businesses</u> | | <u>Green Fuels</u> | <u>Property</u> | <u>Other segments</u> | <u>Total</u> |
|--|---|-----------------------------|------------------------|-----------------|---------------------------|-----------------------|
| | <u>Hong Kong</u> | <u>Chinese mainland</u> | | | | |
| 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 |
| | <u>11,258.7</u> | <u>42,625.6</u> | <u>641.3</u> | <u>67.4</u> | <u>879.8</u> | <u>55,472.8</u> |
| 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) |
| | | | | | | <u>8,177.9</u> |
| Other gains, net (note 6) | | | | | | 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 | | | | | | <u>8,490.4</u> |
| Taxation | | | | | | (1,729.2) |
| Profit for the year | | | | | | <u><u>6,761.2</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Segment information (Continued)

The segment assets at 31st December 2025 and 2024 are as follows:

| 2025 HK\$M | <u>Gas, water and waste treatment, renewable energy, extended businesses and related businesses</u> | | <u>Green Fuels</u> | <u>Property</u> | <u>Other segments</u> | <u>Total</u> |
|---|---|-----------------------------|------------------------|-----------------|---------------------------|------------------|
| | <u>Hong Kong</u> | <u>Chinese mainland</u> | | | | |
| 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 fair value through other comprehensive income | | | | | | 1,611.0 |
| Financial assets at fair value through profit or loss | | | | | | 3,381.3 |
| Time deposits, cash and bank balances excluded from segment assets | | | | | | 663.0 |
| Others (note (c)) | | | | | | 423.4 |
| Total assets | | | | | | <u>163,555.1</u> |
| | | | | | | |
| 2024 HK\$M (restated) (note (b)) | <u>Gas, water and waste treatment, renewable energy, extended businesses and related businesses</u> | | <u>Green Fuels</u> | <u>Property</u> | <u>Other segments</u> | <u>Total</u> |
| | <u>Hong Kong</u> | <u>Chinese mainland</u> | | | | |
| 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 fair value through other comprehensive income | | | | | | 1,692.0 |
| Financial assets at fair value through profit or loss | | | | | | 2,766.3 |
| Time deposits, cash and bank balances excluded from segment assets | | | | | | 804.5 |
| Others (note (c)) | | | | | | 438.1 |
| Total assets | | | | | | <u>158,268.6</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Segment information (Continued)

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.

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).

5. Total operating expenses

| | 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 items | 4,846.9 | 6,163.2 |
| | 46,194.2 | 47,294.9 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. 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 | (21.7) | - |
| Impairment loss for assets (note) | - | (178.3) |
| Net investment gains, including exchange differences | 198.7 | 414.2 |
| 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) |
| | <u>417.6</u> | <u>489.4</u> |

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.

7. Taxation

| | 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 (note (a)) | 855.2 | 814.1 |
| Current taxation - over provision in prior years | (14.7) | (131.0) |
| Deferred taxation relating to the origination and reversal of temporary differences and withholding tax | 250.9 | 224.0 |
| | <u>1,890.9</u> | <u>1,729.2</u> |

Notes

(a) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Taxation (Continued)

Notes (Continued)

- (b) 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.

8. Dividends

| | 2025 | 2024 |
|--|-----------------------|----------------|
| | HK\$M | 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 |
| | <u>6,531.0</u> | <u>6,531.0</u> |

9. 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 | 2024 |
|--|-----------------------|----------------|
| | HK\$M | 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 | <u>5,628.1</u> | <u>5,607.9</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Trade and other receivables

| | 2025 | 2024 |
|--------------------------|-----------------------|-----------------|
| | HK\$M | HK\$M |
| Trade receivables (note) | 5,385.2 | 5,130.4 |
| Payments in advance | 1,442.5 | 1,715.7 |
| Other receivables | 3,053.6 | 4,628.8 |
| | <u>9,881.3</u> | <u>11,474.9</u> |

Note

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 | 2024 |
|--------------|-----------------------|----------------|
| | HK\$M | 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 |
| | <u>5,385.2</u> | <u>5,130.4</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. 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 | 100.3 | 108.0 |
| | <u>20,199.8</u> | <u>20,750.8</u> |

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 |
| | <u>4,689.6</u> | <u>4,938.9</u> |

(b) The balances mainly represent accruals for services or goods received from suppliers.

(c) The balances mainly represent non-refundable advance received from customers for utility connection services, provision of gas and provision of maintenance services.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, new trade barriers and heightened geopolitical tensions caused uncertainties among the global economies. Against this challenging backdrop, HKCG (“the Group”) harnessed its experience in professional business management and strong cash flows as a traditional utility business to fuel its growth business segments (including renewable energy, green methanol, hydrogen energy, sustainable aviation fuel and smart living businesses). These factors underpinned the Group’s stable development during the year and positioned it to capture opportunities in a rapidly evolving energy landscape and create long-term value for shareholders.

Utility Businesses – Hong Kong Gas Business

Hong Kong’s economy continued its recovery trajectory in 2025. Building on its solid operational foundation, the Group’s Hong Kong utility business pursued new business opportunities, opened up the hydrogen energy market, and significantly expanded the application of various technologies across its daily operations.

Residential gas consumption recorded a year-on-year increase of 2.4%, as a result of more frequent typhoons and cooler autumn weather. In 2025, we acquired over 19,000 new customers in Hong Kong, bringing the total to 2.06 million.

In the industrial and commercial sector, the utility business benefitted from the opening of Hong Kong’s third airport runway, southbound vehicle travel from Guangdong, and tourism growth favouring industries such as hotels, theme parks and laundries, all of which contributed to higher gas consumption. Changes in local consumption patterns, however, continued to exert pressure on Hong Kong retail and food and beverage businesses, causing a decline in commercial and industrial gas consumption of 2.6%, which partially offset the increase in residential gas volumes. Overall domestic gas sales volume in Hong Kong recorded a slight increase of 0.1% in 2025.

Gas Infrastructure for the Northern Metropolis

To tie in with the HKSAR Government’s Northern Metropolis development plans, the Group has been investing in the construction of gas infrastructure to ensure the early availability of regional energy supply. Plans for medium- and low-pressure pipeline works were progressively completed in 2025, and by year end gas supply had been successfully initiated. This made the Group among the first to serve early-stage customers. The Group will accelerate its gas infrastructure plans and step up regional green, low-carbon development, thereby contributing to Hong Kong’s transformation into a sustainable smart city for the future.

Strengthening Safe Gas Supply

In 2025, the Group helped ensure its gas supply system will be more stable and reliable by strengthening its inspection and maintenance regime. In our ongoing pipeline replacement project at the Tai Po Gas Production Plant, following the work done the previous year, we completed pipeline replacement for another four production furnaces during the year. Our plan is to replace the relevant pipeline sections of the remaining two furnaces in 2026.

The Group also adopted smart pipeline inspection technology with big data analysis during the year. Using this technology, we will be able to make more comprehensive inspections of our submarine naphtha and gas transmission pipelines, ensuring they meet the highest safety standards while maintaining a safe, reliable, and highly efficient gas supply for Hong Kong.

Integrating Technology into our Daily Operations

In 2025, the Group introduced an smart document review function to automate safety inspection and audit processes, marking a significant milestone in our digital transformation. The Group also made successful use of drone technology to inspect gas pipes, which not only makes inspections more efficient but also reduces the risk of employees working at height.

Improvements were also made in customer service. During the year, we actively introduced artificial intelligence and large language model technology. With smart systems now fully applied to the customer service hotline, more than 60% of customers' enquiries being answered via digital channels.

Utility Business – Mainland Gas Business

Including contributions from the Group's subsidiary, Towngas Smart Energy Company Limited (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. 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 stable as compared with 2024.

Steadily Achieving Cost Pass-Throughs

In 2025, the Group aligned with national policy by accelerating the promotion of the upstream and downstream natural gas price linkage mechanism for residential customers. 90% of residential customers completed the cost pass-throughs or determined their cost pass-through plans during the year, with all industrial and commercial customers completing the cost pass-throughs. The average dollar margin of city gas was RMB0.54 per cubic metre, representing an increase of RMB0.02 compared with 2024.

“Gas+” Business

The Group continued to expand its “Gas+” energy services business and focused on energy trusteeship of public institutions and industrial equipment renewal. During the year, this business achieved energy sales volume of 2.87 billion kWh (equivalent to approximately 290 million cubic metres of natural gas), driving the sales volume of natural gas of 210 million cubic metres.

Coordinating Gas Resources

In 2025, the Group signed medium- and long-term procurement contracts with Central State-Owned Oil Enterprises for a total contracted procurement volume of 15 billion cubic metres. The Group’s unified gas dispatch volume during the year amounted to 4.64 billion cubic metres, accounting for 13% of the total annual gas sales volume, thus saving procurement costs of RMB740 million. The first two new gas wells from the second phase of the underground salt-cavern facility located in Jintan, Jiangsu were commissioned during the year, increasing total storage capacity to nearly 480 million cubic metres. The emergency peak-shaving storage and distribution base (Phase I) in Weiyuan, Sichuan, also officially commenced operation in 2025.

Policy Opportunities under the Low-carbon transition

The real estate market on the Chinese mainland has been going through an adjustment period, which has had an impact on the Group’s profit-making abilities. However, urban renewal together with the renovation of old communities and the construction of “quality homes”, as proposed in the 15th Five-Year Plan, will create market opportunities in pipeline network renovation and new user connections for city-gas enterprises. The Group has carried out 11 low-carbon transition projects in Jiangsu, Zhejiang, Shandong, Sichuan and other provinces, providing an additional gas access volume of 4.5 million cubic metres in 2025 and a total accumulated gas access volume of 34.5 million cubic metres.

Utility Businesses – Water and Environmental Businesses

The Group’s water and environmental businesses grew steadily during the year, with water sales volume and solid waste treatment volume reaching 1.66 billion tonnes (a 0.6% increase year-on-year) and 1.72 million tonnes (a 7% increase year-on-year) respectively. The Group’s two food waste treatment plants, in Suzhou and Tongling, recovered approximately 8,000 tonnes of used cooking oil (commonly known as “gutter oil”) from food waste throughout the year. This recovered oil is the primary raw material for the production of sustainable aviation fuel (“SAF”) by EcoCeres, a company incubated by the Group and in which it remains a strategic shareholder.

In response to rising pressures to reduce carbon emissions in the global aviation industry, demand for SAF has grown significantly. Supply of SAF converted from cooking oil has thus become a critical factor in the ongoing development of EcoCeres’s SAF business. To drive the growth of this business, the Group will continue to invest in food waste treatment and related processes and capitalise on existing business synergies. Beyond SAF, the Group’s food waste treatment plants produced nearly 10 million cubic metres of biogas that was fed into the city gas pipeline network, reinforcing the economic and environmental value of our city gas projects.

To reduce operating expenses, the Group’s subsidiaries introduced a number of operational and technical upgrades during the year. At the same time, fully capitalising on the influence of the Hua Yan brand and its smart water management capabilities, the Group developed new value-added businesses such as direct-piped drinking water and community water stations. Together with the export of water-service technical expertise to external parties, these efforts have created new drivers of profit growth.

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 “photovoltaic + 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.

By 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 “create multiple zero-carbon industrial parks and factories”. The national Guiding Opinions on Promoting New Energy Consumption and Regulation 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.

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 further replenished the Group’s cash flow, strengthened its ability to continue investing in high-quality PV and energy storage assets, and optimised its asset-liability structure.

Growth Businesses – Sustainable Aviation Fuel

EcoCeres, incubated by the Group and in which it remains a strategic shareholder, continued to strengthen its leadership in the sustainable aviation fuel (“SAF”) industry in 2025 by adhering to an innovation-driven market-expansion core strategy. Following the start of full-capacity operation at the Group’s SAF plant in Zhangjiagang, Jiangsu Province, a new plant in Malaysia was commissioned during the year, marking the first overseas replication of EcoCeres’s proprietary production technology. This expansion will increase the total annual production capacity of renewable fuels from 350,000 tonnes to 770,000 tonnes, effectively doubling capacity and consolidating EcoCeres’s leading market position.

EcoCeres also broadened its cooperation with a number of international airlines, 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.

In alignment with the HKSAR Government’s strategic priorities, the Group is actively responding to help position Hong Kong as a key hub in the low-carbon transition currently underway. According to the 2025 Policy Address, the HKSAR Government will work with the Chinese mainland to promote SAF development in the Greater Bay Area, including feedstock collection, plant construction and large-scale production, supporting the target that flights departing Hong Kong International Airport must use a specified proportion of SAF by 2030.

Growth Businesses – Green Methanol

The year 2025 was highly productive for the development of the Group’s green methanol business. Backed by ISCC dual certification and stable production capacity, green methanol produced by the plant in Ordos, Inner Mongolia, has commenced supply operations at major Asian ports. During the year, the Group established a joint venture, VENEX Holding Company Limited (“VENEX”), with Foran Energy Group Company Limited, simultaneously injecting the Inner Mongolia plant into VENEX to further increase production scale. The VENEX plant will increase annual production capacity to 150,000 tonnes in 2026 and aims to raise capacity to 300,000 tonnes by 2028.

We will also continue to expand production capacity. A new plant in Foshan, Guangdong will be completed by the end of 2027, with an expected initial production capacity of 200,000 tonnes by 2028. Upon completion, the combined annual production capacity of the two plants – one in the north and one in the south – will reach 500,000 tonnes.

The Inner Mongolia plant of the Group obtained ISCC dual certification for four consecutive years, and received a Product Carbon Footprint Verification Statement by TÜV SÜD during the year, becoming the first green methanol project to receive this certification. Early in the year, 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, it also began supplied supplying large volumes of methanol to two major Singapore-based bunker suppliers – Global Energy and Golden Island.

Through synergistic development, 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.

Growth Businesses – Hydrogen Energy

In its latest Policy Address, the HKSAR Government announced plans to establish hydrogen energy standards and certification, as well as public hydrogen refuelling facilities on Hong Kong Island and in Kowloon, to promote the implementation of more pilot projects. With its commitment to energy innovation, the Group considers its hydrogen energy business one of the important strategies towards a low-carbon future.

The Group launched Hong Kong's first integrated hydrogen power generator, and pioneered its application at a major sporting event, providing green electricity for the facilities at the golf competition of the 15th National Games, demonstrating the strong potential of hydrogen energy in temporary power generation scenarios. The Group has also been progressively conducting a variety of pilot projects, among which power generation at construction sites represents a promising application. Compared with traditional diesel generators, hydrogen-powered electricity generation produces only water during the process, achieving zero emissions, zero odour and low noise, thereby offering the construction sector a cleaner and more efficient energy solution. The Group will continue to take up government-approved hydrogen fuel technology pilot projects, including a construction site generator in Shau Kei Wan, where hydrogen will be extracted from the existing town gas network to power site offices.

In terms of charging station applications, the Group signed a cooperation agreement with Hong Kong Science and Technology Parks Corporation, and during the year, jointly initiated the construction of Hong Kong's first public automatic hydrogen EV charging system. The Group will actively advance this government-approved hydrogen fuel technology pilot project, as well as another trial project utilising hydrogen power for electric vehicle charging at the Towngas headquarters building in North Point.

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, the business aims to achieve rapid growth in sales.

Premium-Quality White Goods

In Hong Kong, the smart kitchen business launched an interconnected series of smart cooking appliances and premium white goods. The Group also established its own brand and introduced a one-stop home solution, encompassing kitchens, bathrooms and living rooms. For new public housing units, the Group developed services such as minimalist renovation and customised furniture. Through 19 self-operated customer centres, outdoor customer service teams and distributors, the business continued to tap into its existing customer base and expand its sales channels, strengthening both sales performance and profitability.

Capitalising on the “Trade-in” Market

In the Chinese mainland market, the smart kitchen business capitalised on national subsidy policies to expand its presence in the existing market. On the product front, the Towngas Bauhinia Encounter series products won the Yunding Award - 2025 Aesthetic Design Trend Product Award, and introduced co-branded products with brands such as Noritz, Angel and Robam. On the channel front, the business explored user needs and carried out specialised programmes on hazard rectification, enhancing user reach. In terms of operation, It established a benchmark cultivation system, utilising big data to allocate resources precisely and comprehensively improve operational efficiency. Sales from trade-in programmes recorded an 18% year-on-year increase.

Accelerated Optimisation of Insurance Services

In Hong Kong, through its subsidiary, TN Insurance Consultants Limited, the Group coordinated related businesses across its enterprises to secure more favourable policy terms for customers. On the Chinese mainland, the business strengthened its online operations and optimised its product mix by digitalising over 90% of its business data. The proportion of gas household property insurance increased by nearly 18% during the year, while the average premium per policy recorded steady growth. The Group also expanded into new internet-based marketing channels and explored the feasibility of introducing an innovative new insurance + service model.

Home Safety AIoT Gathers Momentum

During the year, the Group refined its “product + platform + service” one-stop home solution. Focused on multi-dimensional protection and precise early warning, the solution covers gas and smoke detection products, expanding into the smart fire protection series. It relies on the AIoT platform to achieve smart monitoring and proactive alerts. By the end of 2025, the alarm monitoring platform had covered over 70 enterprises, with the performance of home safety solutions growing by 10% year-on-year.

Recognition for Digital and Intelligent Innovation

The independently developed Towngas Lifestyle Cloud Platform was selected among the 2025 Top Ten Smart Gas Excellent Application Cases. At the same time, the AIoT platform achieved over 6 million connected devices, and established applications such as AI-powered gas safety inspections and smart customer service.

Environmental, Social and Governance

The Group consistently integrates Environmental, Social and Governance (ESG) concepts into its core strategy to promote the low-carbon transformation of its energy system through green production.

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. During the year, the Group’s ESG performance once again received high recognition. 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”.

Volunteering in the Community with Care and Compassion

We work alongside community partners, combining our professional capabilities with humanistic care. Through technological innovation, volunteer services and educational support, we fulfil our long-term commitment to the sustainable development of the community.

Gas Guardian Care Network

HKCG partnered with the Hong Kong Federation of Trade Unions to launch the Gas Guardian Care Network programme. Using smart gas metres, the programme monitors the daily gas usage habits of high-risk grassroots individuals. If a metre reading shows no change over two consecutive days, 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 organised our first Towngas Green Flame STEAM Master Summer Camp, which focused on four possible career paths – engineer, scientist, inventor and ecologist. The summer camp featured interactive talks, DIY workshops, and expert sharing to spark students' interest in STEAM (Science, Technology, Engineering, Arts and Mathematics) fields.

TERA-Award Competition Moving Towards Internationalisation

In July 2025, the 4th TERA-Award Smart Energy Innovation Competition was held at King's College, University of Cambridge, in the United Kingdom. This was the first time that the event was held outside Hong Kong. Attracting 785 projects from 76 countries and regions, the competition set a record in terms of the number of applications and global participation, marking a new stage of internationalisation for the competition.

The event brought together leaders, investors and scientists in the energy sector, building a cooperative platform connecting innovative technologies with industrial resources. The Group will also participate in the investment and incubation of promising energy projects, driving energy technology from concept to commercialisation.

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.

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 business 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 care for the community in the spirit of being "driven by people and guided by compassion".

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 |
| | <hr/> | <hr/> |
| 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 |
| | <hr/> | <hr/> |
| 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\$212.0 million (2024: HK\$30.0 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 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-”.

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.

OTHER INFORMATION

Closure of Register of Members

The register of members of the Company will be closed for the following periods:

(1) from 27th May 2026 to 1st June 2026, both days inclusive, during which period no transfer of shares will be registered for the purpose of ascertaining the shareholders entitled to attend and vote at the annual general meeting (the "AGM") (or any adjournment thereof); and

(2) from 5th June 2026 to 9th June 2026, both days inclusive, during which period no transfer of shares will be registered for the purpose of ascertaining the shareholders entitled to the proposed final dividend to be approved at the AGM.

All completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 26th May 2026 and 4th June 2026 respectively.

Annual General Meeting

The AGM will be held on Monday, 1st June 2026. For details of the AGM, please refer to the Notice of AGM which is expected to be published in late April 2026.

Corporate Governance

The Company had complied with all applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) during the year.

The Company has a board audit and risk committee (the “Board Audit and Risk Committee”) which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal controls systems.

A meeting of the Board Audit and Risk Committee was held on 12th March 2026 to review the Group’s audited consolidated financial statements for the year ended 31st December 2025 in conjunction with the Group’s internal auditor and PricewaterhouseCoopers, the Group’s external auditor.

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

During the year ended 31st December 2025, the trustee of the share award scheme (the “TSEL Share Award Scheme”) adopted by Towngas Smart Energy Company Limited (“Towngas Smart Energy”, a listed subsidiary of the Company), pursuant to the terms of the rules and trust deed of the 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.

By Order of the Board
Peter Wong Wai-yee
Managing Director

Hong Kong, 20th March 2026

As at the date of this announcement, the Board of the Company comprises:

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*)