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**港華智慧能源有限公司**  
**Towngas Smart Energy Company Limited**

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

(Stock Code: 1083)

**2025 ANNUAL RESULTS ANNOUNCEMENT**

**RESULTS HIGHLIGHTS**

**Forging Ahead Against Market Headwinds,**

**Achieving Steady Business Performance**

- In 2025, the Group continued to expand its market coverage and business scale, despite macroeconomic challenges and adjustments to domestic and international industry policies. Through ongoing efforts to enhance the quality and efficiency of its operations and advance the transition towards an asset-light model, business performance remained steady. The Group's revenue for the year amounted to HK\$20,912 million, with core operating profit of HK\$1,573 million and profit attributable to shareholders of HK\$1,585 million.
- **For the city-gas business**, the Group actively promoted natural gas applications in industrial and commercial markets as well as pipeline gas adoption in older residential communities. Gas sales volume increased by 1% to 17,371 million cubic metres. With the steady implementation of cost pass-throughs during the year, the dollar margin for city-gas rose by RMB2 cents to RMB0.58 per cubic metre.
- **In the renewable energy business**, the distributed photovoltaic grid-connected capacity increased by 500 MW, bringing accumulated grid-connected installed capacity of our distributed photovoltaic projects to 2.8 GW by the end of 2025, with photovoltaic power generation increasing by 36% to 2.48 billion kWh and power trading volume reaching 8.4 billion kWh. The second and third phases of Quasi-REITs products were successfully issued during the year, with cumulative Assets under Management financing reaching RMB3.5 billion. This broadened capital channels, optimised cash flow structures, and deepened the Group's asset-light strategy, laying a solid foundation for future development.
- With the launch of the country's 15th Five-Year Plan, we expect the development of a new energy system will accelerate as will progress towards the goal of establishing 100 national zero-carbon parks. Accordingly, policy dividends are likely to continue. Under the new Five-Year Plan, the Group will seize opportunities in green and low-carbon energy, play an active role in setting zero-carbon park standards, and further integrate artificial intelligence, big data and automation technologies into the business. All these initiatives will help the Group enhance both competitiveness and corporate value.
- The Board recommends a final dividend of HK14 cents per share. Including the interim dividend of HK5 cents per share already paid, the total dividends for the full year will be HK19 cents per share.

## FINANCIAL HIGHLIGHTS

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

	<b>Audited</b>	
	<b>For The Year Ended 31st December</b>	
	<b>2025</b>	2024
Revenue, HK million dollars	<b>20,912</b>	21,314
Core operating profit, HK million dollars	<b>1,573</b>	1,601
Non-operating gains and losses, net, HK million dollars	<b>12</b>	5
Profit attributable to shareholders, HK million dollars	<b>1,585</b>	1,606
Basic earnings per share, HK cents	<b>44.5</b>	47.1
Gas sales volume, million cubic metres, natural gas equivalent*	<b>17,371</b>	17,201
Number of city-gas customers as at 31st December, million households*	<b>18.39</b>	17.64
Photovoltaic power generation, billion kWh	<b>2.48</b>	1.83
Total photovoltaic grid connection as at 31st December, GW	<b>2.8</b>	2.3

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

## FINAL DIVIDEND

The Board recommends a final dividend of HK14 cents per share. The proposed distribution of final dividend is subject to shareholders' approval at the annual general meeting. It is anticipated that the proposed final dividend will be distributed to shareholders whose names appear on the Register of Members of the Company as at 4th June 2026, being the record date for determining shareholders' entitlement to the final dividend. Together with the interim dividend of HK5 cents per share paid on 17th October 2025, the total dividends for the full year will be HK19 cents per share.

The Board of Directors is pleased to announce the audited 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**

	<i>NOTES</i>	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	3	<b>20,912,010</b>	21,314,027
Total operating expenses	4	<b>(19,527,159)</b>	(19,419,838)
		<b>1,384,851</b>	1,894,189
Other income		<b>144,279</b>	220,764
Other gains, net	5	<b>390,039</b>	179,587
Share of results of associates		<b>606,982</b>	353,642
Share of results of joint ventures		<b>293,776</b>	285,569
Finance costs	6	<b>(648,436)</b>	(728,603)
Profit before taxation	7	<b>2,171,491</b>	2,205,148
Taxation	8	<b>(419,112)</b>	(408,654)
Profit for the year		<b><u>1,752,379</u></b>	<u>1,796,494</u>
Profit for the year attributable to:			
Shareholders of the Company		<b>1,585,355</b>	1,606,116
Non-controlling interests		<b>167,024</b>	190,378
		<b><u>1,752,379</u></b>	<u>1,796,494</u>
		<i>HK cents</i>	<i>HK cents</i>
Proposed dividend per ordinary share	9		
Final dividend		<b>14</b>	16
Special dividend		-	3
Paid dividend per ordinary share			
Interim dividend		<b><u>5</u></b>	<u>-</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	10		
– Basic		<b>44.5</b>	47.1
– Diluted		<b><u>42.2</u></b>	<u>42.7</u>

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

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

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

	<i>NOTE</i>	<b>2025</b> <i>HK\$'000</i>	<b>2024</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>29,377,576</b>	28,435,338
Right-of-use assets		<b>897,748</b>	868,439
Intangible assets		<b>353,725</b>	355,416
Goodwill		<b>4,843,763</b>	4,629,309
Interests in associates		<b>6,420,499</b>	4,562,111
Interests in joint ventures		<b>4,213,638</b>	3,866,526
Equity instruments at fair value through other comprehensive income		<b>1,303,970</b>	1,274,026
Other financial assets		<b>89,352</b>	115,918
Restricted deposits		<b>63,474</b>	5,321
		<b>47,563,745</b>	44,112,404
<b>Current assets</b>			
Inventories		<b>616,246</b>	576,155
Loans to associates		<b>28,988</b>	37,654
Loans to joint ventures		<b>14,294</b>	24,596
Trade and other receivables, deposits and prepayments	<i>11</i>	<b>4,343,522</b>	4,410,069
Amounts due from non-controlling shareholders		<b>141,575</b>	135,390
Time deposits over three months		<b>37,639</b>	25,223
Bank balances and cash		<b>2,460,896</b>	2,699,885
		<b>7,643,160</b>	7,908,972
<b>Assets classified as held for sale</b>		<b>-</b>	1,021,371
		<b>7,643,160</b>	8,930,343

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

AT 31ST DECEMBER 2025

	NOTE	2025 HK\$'000	2024 HK\$'000
<b>Current liabilities</b>			
Trade and other payables and accrued charges	12	3,809,025	4,172,797
Contract liabilities		3,631,305	3,473,768
Lease liabilities		24,986	29,681
Amounts due to non-controlling shareholders		44,470	39,983
Taxation payable		1,218,811	1,225,582
Borrowings – amounts due within one year		4,382,717	3,695,547
Loan from ultimate holding company		17,528	15,113
Loans from associates		-	5,462
Loans from joint ventures		862	3,517
Loans from non-controlling shareholders		15,373	-
Convertible bonds		2,033,077	1,866,938
		<u>15,178,154</u>	<u>14,528,388</u>
<b>Net current liabilities</b>		<u>(7,534,994)</u>	<u>(5,598,045)</u>
<b>Total assets less current liabilities</b>		<u>40,028,751</u>	<u>38,514,359</u>
<b>Non-current liabilities</b>			
Lease liabilities		108,755	111,143
Borrowings – amounts due after one year		10,744,870	11,731,460
Deferred taxation		1,015,240	899,044
Loans from non-controlling shareholders		-	14,692
		<u>11,868,865</u>	<u>12,756,339</u>
<b>Net assets</b>		<u>28,159,886</u>	<u>25,758,020</u>
<b>Capital and reserves</b>			
Share capital		367,169	348,065
Reserves		25,354,819	23,099,673
Equity attributable to shareholders of the Company		25,721,988	23,447,738
Non-controlling interests		2,437,898	2,310,282
<b>Total equity</b>		<u>28,159,886</u>	<u>25,758,020</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*FOR THE YEAR ENDED 31ST DECEMBER 2025*

**1. BASIS OF PREPARATION**

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

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

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

**2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS**

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

Amendments to HKAS 21

Lack of Exchangeability

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*FOR THE YEAR ENDED 31ST DECEMBER 2025*

**3. SEGMENT INFORMATION**

**Operating segments**

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

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

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

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2025**

**3. SEGMENT INFORMATION (CONTINUED)**

**Operating segments (Continued)**

**Segment revenue and results**

Information regarding these segments is presented below:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2025**

**3. SEGMENT INFORMATION (CONTINUED)**

**Operating segments (Continued)**

**Segment revenue and results (Continued)**

Information regarding these segments is presented below:

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2025**

**3. SEGMENT INFORMATION (CONTINUED)**

**Operating segments (Continued)**

**Segment revenue and results (Continued)**

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

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

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than other financial assets and certain bank balances and cash as these assets are managed on a group basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2025**

**4. TOTAL OPERATING EXPENSES**

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

**5. OTHER GAINS, NET**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2025**

**6. FINANCE COSTS**

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

**7. PROFIT BEFORE TAXATION**

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Profit before taxation has been arrived at after charging:		
Cost of inventories sold (note)	<b>17,389,698</b>	17,225,083
Staff costs (note)	<b>1,459,247</b>	1,421,232
Depreciation of property, plant and equipment (note)	<b>1,246,469</b>	1,165,899
Depreciation of right-of-use assets (note)	<b>57,995</b>	54,705
Amortisation of intangible assets (note)	<b>17,691</b>	17,706
Impairment loss of trade receivables, net of reversal	<b>25,927</b>	33,221
and after crediting:		
Dividend income from equity instruments		
at fair value through other comprehensive income	<b>40,507</b>	36,959
Interest income	<b>26,763</b>	66,969

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2025**

**8. TAXATION**

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

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong for both years.

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*FOR THE YEAR ENDED 31ST DECEMBER 2025*

**9. DIVIDENDS**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2025**

**10. EARNINGS PER SHARE**

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

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
<u>Earnings</u>		
Profit for the year attributable to shareholders of the Company for the purpose of basic earnings per share	<b>1,585,355</b>	1,606,116
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds	<b>83,986</b>	81,609
Change in fair value of embedded derivative component of convertible bonds	<b>(12,154)</b>	(75,558)
Profit for the year attributable to shareholders of the Company for the purpose of diluted earnings per share	<b>1,657,187</b>	1,612,167
	<b>Number of shares</b>	
	<b>2025</b>	2024
	<b>'000</b>	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares in issue less shares held for share award scheme for the purpose of basic earnings per share	<b>3,559,610</b>	3,413,761
Effect of dilutive potential ordinary shares:		
Convertible bonds	<b>369,686</b>	362,193
Share options	<b>225</b>	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>3,929,521</b>	3,775,954

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2025**

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

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

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

The Group has a policy of allowing a credit period ranging from 0 to 180 days to its customers. Longer credit period is also allowed on a case by case basis. The following is an aged analysis of trade receivables net of allowance of credit losses presented based on the invoice date, which approximated the revenue recognition date, at the end of the reporting period:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2025**

**12. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES**

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

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, the operations of Towngas Smart Energy (the “Group”) remained stable despite multiple external challenges. The renewable energy business expanded in scale, strengthened its core competitiveness, and intensified its integrated “photovoltaic + energy storage + electricity sales” model to become an important pillar of strategic growth. At the same time, the city-gas business shifted its focus towards extracting value from existing assets, seizing policy opportunities in natural gas substitution, and renovating old communities to unlock new growth in mature markets.

### Renewable Energy Business

In 2025, the Group's renewable energy business capitalised on the key policy opportunities that have opened up. One such opportunity was the new “Notice on Deepening Market-Based Reform of Feed-in Tariffs for New Energy to Promote High-Quality Development of New Energy” issued by the government to promote market-oriented reform of new energy. We believe this policy will encourage a fairer, more efficient and healthier market conducive to the Group fully unlocking its competitive potential. The national priorities of building zero-carbon industrial parks and zero-carbon factories along with source-grid-load-storage integration are highly aligned with the Group's strategic vision. Based on its experience developing 128 zero-carbon smart industrial parks, the Group can offer tremendous advantages in terms of scale and cost. These, combined with its synergies in the gas segment, favour the Group’s strategy of “gas and power complementarity, scenario sharing and customer linkage”, and continued expansion in the Chinese mainland’s gas market.

By the end of 2025, the Group’s renewable energy business covered 25 provinces, autonomous regions and municipalities, serving a solid, high-quality customer base of over 2,000 industrial customers. Distributed photovoltaic grid-connected capacity increased by 500 MW during the year, bringing accumulated grid-connected installed capacity to 2.8 GW. Photovoltaic power generation increased by 36% to 2.48 billion kWh. During the year, the Group signed contracts for 1,041 MWh of industrial and commercial energy storage projects, while power trading volume reached 8.4 billion kWh. Carbon management and carbon services also expanded steadily, further highlighting the Group’s unique competitive advantage derived from natural gas-electricity-carbon synergies.

To enhance risk resilience and long-term competitiveness, the Group is advancing its Energy as a Service (“EaaS”) model while prioritising digital and intelligent upgrades. One example of this is the AI-powered smart energy management platform jointly developed with Tencent and Tsinghua University that provides full-process intelligent control, scheduling, and trading for zero-carbon industrial parks. Combined with drone and robot-assisted inspections and cleaning, this AI-driven solution has reduced operational costs and safety risks while improving asset efficiency and quality, thereby continuously strengthening the Group’s productive capacity in line with new-quality productive forces.

The Group’s Assets under Management (“AuM”) strategy has been helping strategic investors diversify their investment risk and strengthening ecosystem partnerships. Following its successful second and third Quasi-REITs products during the year, the Group accumulated AuM financing of RMB3.5 billion. This has bolstered cash flow, enhanced capacity for sustained investment in high-quality photovoltaic and energy storage assets, and optimised the asset-liability structure.

## City-Gas Business

The National Energy Administration's "Guiding Opinions on Energy Work for 2025" proposes advancing the green and low-carbon energy transition, emphasising the development and utilisation of clean natural gas, enhancing peak-shaving and storage capabilities, and promoting reforms in price formation and pipeline network operation mechanisms. All these initiatives are aligned with the Group's strategic direction.

In 2025, the Group's total gas sales volume amounted to approximately 17.37 billion cubic metres, a year-on-year increase of 1%. As at the end of 2025, the Group operated 197 city-gas projects across the Chinese mainland, spanning 19 provincial-level regions. Despite challenging market conditions, the Group achieved counter-trend growth in its customer base, adding 750,000 new customers to bring the total to 18.39 million.

The Group also aligned with national efforts to accelerate the implementation of an upstream and downstream natural gas price linkage mechanism for households. Cost pass-throughs and cost pass-through plans were confirmed for 90% of residential users during the year, with all industrial and commercial users completing the cost pass-throughs. Consequently, the average dollar margin for city-gas increased by RMB0.02 per cubic metre compared with the previous year, reaching RMB0.58 per cubic metre.

In recent years, the Group has been vigorously promoting its "Gas+" business, as single gas supply is no longer sufficient to meet the needs of modern industrial and commercial customers. In 2025, this business achieved energy sales of 1.63 billion kWh (equivalent to approximately 160 million cubic metres of natural gas), with natural gas sales accounting for 156 million cubic metres. This highlights the effectiveness of leveraging "Gas+" to replace steam, electricity and other energy sources, deepening engagement in existing markets and advancing the Group's integrated energy services.

Safety is the lifeline of the gas business, and technology is its guardian. To that end, the Group has been introducing AI technology with a focus on enhancing AI applications in construction management and operational maintenance. This has contributed to upgrades in our safety management system and improved our asset integrity management standards.

## **Environmental, Social and Governance**

The Group has been consistently integrating Environmental, Social, and Governance (“ESG”) practices throughout the entire business chain. By actively responding to the sustainability expectations of employees, customers, communities and other stakeholders, the Group is helping to build a green, safe and efficient energy ecosystem and a sustainable society.

Through a multi-tiered ESG governance framework and hierarchical management system, the Group ensures its sustainability strategies are effectively implemented. To reinforce execution of its ESG strategy, variable compensation for senior management is linked to the achievement of ESG targets. This year, the Group's ESG rating in the Hang Seng Corporate Sustainability Index was upgraded to “AA+”, reflecting strong recognition of its sustainable development practices and contributions.

### **Business Outlook for 2026**

The Group has aligned with the business restructuring and strategic adjustments of its parent company, HKCG, achieving significant progress and satisfactory results. Having evolved from a traditional energy company into one equipped with green energy technology, the Group is creating a technologically intelligent green energy ecosystem to sustain its leading industry position.

Since its inception, the Group has been firmly rooted in the Greater China market, where it is aligned with national energy priorities and able to leverage its strengths. Looking ahead to 2026, external challenges are expected to remain complex and volatile, yet opportunities for development will be abundant.

The government’s “Notice on Deepening Market-Based Reform of Feed-in Tariffs for New Energy to Promote High-Quality Development of New Energy” clarifies that new energy projects, including wind and photovoltaic power, will in principle be able to enter the electricity market for trading. This marks the advent of a market-driven era for new energy feed-in tariffs, significantly enhancing the capacity to absorb new energy – a development that is in line with the Group's core strengths. The Group will thus continue to expand and strengthen its presence in the renewable energy sector by broadening its financing channels and maintaining investments in high-quality photovoltaic and energy storage assets.

For the city-gas business, as the Chinese mainland implements the government’s 15th Five-Year Plan and advances urbanisation, the real estate sector is expected to transition to higher-quality development, facilitating the Group’s acquisition of new industrial and commercial customers. Concurrently, urban renewal, renovation of aging communities and the “Quality Homes” initiative will involve upgrading infrastructure, including gas pipelines, and create new development opportunities for city-gas companies.

In the year ahead, the Group will fully implement its dual-wheel drive strategy to ensure steady growth in its gas operations, while vigorously developing renewable energy as a new growth engine.

It will also apply advanced technologies, including artificial intelligence, to achieve new quality productive forces. Looking further ahead, the Group will remain committed to its corporate ethos, “driven by people, guided by compassion”, and continue to care for the community.

## FINANCIAL REVIEW

### Revenue

For the year of 2025, the cost pass-throughs of piped gas continued to improve with all industrial and commercial users completed cost pass-throughs. Meanwhile, multiple cities where the Group's city-gas projects are located have achieved cost pass-throughs for residential users. The ongoing downturn in the mainland property market has led to the decrease in number of new household gas connection, resulting in the decrease in gas connection sales. The midday valley-price electricity tariff policy adjustment has resulted in a decline in the revenue of the renewable energy business. The Group's total revenue in the year of 2025 amounted to HK\$20,912 million, representing a decrease of 2% compared to the corresponding last year.

	2025 <i>HK\$ million</i>	2024 <i>HK\$ million</i> (restated)
Sales of piped gas	17,499	17,056
Gas connection	1,372	1,865
Gas-related products and services	382	529
Gas business	19,253	19,450
Renewable energy business	1,659	1,864
Total	20,912	21,314

### Total Operating Expenses

Total operating expenses of the Group included gas fuel, stores and materials used, staff costs, depreciation and amortisation, and other expenses. Total operating expenses in the year of 2025 amounted to HK\$19,527 million, representing an increase of 1% compared to the corresponding last year.

	2025 <i>HK\$ million</i>	2024 <i>HK\$ million</i>
Gas fuel, stores and materials used	15,892	15,847
Staff costs	1,459	1,421
Depreciation and amortisation	1,322	1,238
Other expenses	854	914
Total	19,527	19,420

## **Other Gains, Net**

Net other gains increased by 117% from HK\$180 million in the corresponding last year to HK\$390 million, mainly due to the impairment provision of property, plant and equipment and goodwill of HK\$147 million made in last year and increase of HK\$68 million in gain from restructuring of extended business during the year.

## **Share of Results of Associates**

The share of profits of associates increased by 71% from HK\$354 million in the corresponding last year to HK\$607 million. This was mainly driven by associates actively promoting cost pass-throughs resulting in a steady improvement in the city-gas dollar margin and continuous enhancement in quality and efficiency. Meanwhile, the Group had proactively introduced strategic investors and partners to dispose of certain subsidiaries' interests to promote the expansion of light-asset services in the renewable energy business. Upon completion of the disposal, these companies are no longer subsidiaries of the Group, but since the Group still retains partial interests, they are recognised as associates or joint ventures.

## **Share of Results of Joint Ventures**

The share of profits of joint ventures increased by 3% from HK\$286 million in the corresponding last year to HK\$294 million. This was mainly driven by certain joint ventures actively promoting cost pass-throughs, resulting in a steady improvement in the city-gas dollar margin.

## **Finance Costs**

The finance costs of the Group decreased by 11% from HK\$729 million in the corresponding last year to HK\$648 million. Stringent control of capital expenditure and successful securing of low-interest loans have reduced the finance costs.

## **Profit for the Year**

During the year of 2025, profit attributable to shareholders of the Company amounted to HK\$1,585 million, representing a decrease of 1% compared to the corresponding last year. Basic earnings per share amounted to HK44.5 cents, representing a decrease of 6% compared to the corresponding last year.

## FINANCIAL POSITION

The Group has adopted a prudent approach in financial resources management, maintaining an appropriate level of cash and cash equivalents as well as adequate financing facilities to meet the requirements of day-to-day operations and business development, while also maintaining borrowings at a healthy level.

As at 31st December 2025, the Group's borrowings amounted to HK\$15,128 million (2024: HK\$15,427 million), of which HK\$4,383 million (2024: HK\$3,696 million) represented borrowings due within 1 year, HK\$10,534 million (2024: HK\$10,640 million) represented borrowings due between 1 to 5 years, and HK\$211 million (2024: HK\$1,091 million) represented borrowings due over 5 years. HK\$11,140 million (2024: HK\$12,044 million) of the Group's borrowings bore interests at fixed rates, while the Group's other borrowings were arranged on a floating interest rate basis. The maturities and interest rates of the borrowings were arranged to provide sound financial resources and stable interest costs for the Group. The businesses of the Group mainly occurred on the Chinese mainland and most transactions, assets and liabilities were stated in RMB. As a result, the Group bore currency risk from fluctuations of RMB exchange rate for non-RMB denominated deposits and borrowings. The Group's borrowings denominated in RMB amounted to HK\$13,559 million (2024: HK\$13,859 million) and the remaining HK\$1,569 million borrowings were denominated mainly in United States dollars ("USD") (2024: HK\$1,568 million denominated mainly in USD) as at the end of the year. Cross currency swaps contracts were entered to hedge foreign currency risk for most of the non-RMB denominated borrowings so as to reduce risk arising from fluctuations of RMB. Apart from the borrowings as mentioned above, the Group also has RMB loans amounted to approximately HK\$17.53 million (2024: HK\$15.11 million), approximately HK\$0.86 million (2024: HK\$3.52 million) and approximately HK\$15.37 million (2024: HK\$14.69 million) from HKCG, joint ventures, and non-controlling shareholders on a fixed interest rate basis, respectively.

In order to expand funding channels, enhance the flexibility and ability of financing and strengthen its financial position, the Group 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% and 2.3% respectively.

As at 31st December 2025, the Group's cash and cash equivalents together with time deposits and restricted deposits amounted to HK\$2,562 million (2024: HK\$2,730 million), of which 99% (2024: 99%) are RMB-denominated and the rest are denominated in HK\$ and USD. The gearing ratio (net debt to total equity plus net debt) of the Group as at 31st December 2025 was 34% (2024: 36%).

As at 31st December 2025, the unissued portion of the Group's MTN Programme amounted to approximately HK\$12,896 million and unutilised facilities from banks and HKCG amounted to approximately HK\$11,891 million.

The operating and capital expenditure of the Group is funded by cash flows from operations, internal liquidity, financing arrangements with banks, the MTN Programme, convertible bonds and equity funding. The Group maintains a strong liquidity position with its cash and cash equivalents on hand, unutilised credit facilities and MTN Programme. We have adequate financial resources to meet our contractual obligations and operating requirements. Benefiting from our good credit ratings, the Group enjoys favourable interest rates on bank loans and notes.

## **CREDIT RATINGS**

Moody's Investors Service maintained the issuer rating of Towngas Smart Energy at "Baa1" with a "stable" outlook rating. Standard & Poor's also affirmed the long-term corporate credit rating of Towngas Smart Energy at "BBB+" and its rating outlook as "stable". In addition, China Chengxin International also maintained the credit rating of Towngas Smart Energy at "AAA" and its rating outlook as "stable". These ratings reflect the credit rating agencies' recognition of the Group's stable business and sound credit profile.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 31st December 2025.

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 31st December 2025, the Group had 21,677 employees. Employee remuneration is based on individual performance, job nature and the relevant responsibilities involved. The Group provides on-the-job training as well as optimal benefits packages for employees, which include medical welfare, retirement plans, year-end bonuses and other incentives. The Group encourages employees to adopt a work-life balance, whilst improving the work environment for employees on a continuing basis so that they can realise their full potential and contribute to the Group.

## **FINAL DIVIDEND**

The Board recommends the payment of a final dividend of HK14 cents per share from the share premium account of the Company payable to shareholders whose names are on the register of members of the Company on 4th June 2026 (Record Date), which is subject to the approval by shareholders at the annual general meeting ("AGM") and compliance with the Companies Act of the Cayman Islands.

The proposed final dividend will be payable in cash, with an option granted to shareholders to receive new and fully paid shares in lieu of cash in whole or in part of the final dividend under the scrip dividend scheme (the "Scrip Dividend Scheme"). The new shares will, on issue, rank pari passu in all respects with the existing shares in issue on the date of the allotment and issue of the new shares except that they shall not be entitled to the proposed final dividend. The circular containing details of the Scrip Dividend Scheme and the relevant election form is expected to be sent to shareholders on or about 12th June 2026.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend at the forthcoming AGM of the Company and the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of, and permission to deal in, the new shares to be issued under the Scrip Dividend Scheme.

It is expected that the cheques for cash dividends and the share certificates to be issued under the Scrip Dividend Scheme will be sent by ordinary mail to shareholders at their own risk on or about 14th July 2026.

## **OTHER INFORMATION**

### **Closure of Register of Members**

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

- (1) from 20th May 2026 to 27th May 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 AGM (or any adjournment thereof); and
- (2) from 2nd June 2026 to 4th 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 final dividend to be approved at the AGM.

All completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share transfer office of the Company, Computershare Hong Kong Investor Services Limited, Shops 1712 - 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 19th May 2026 and 1st June 2026 respectively.

### **Annual General Meeting**

The AGM will be held on Wednesday, 27th May 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 (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 11th 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 Deloitte Touche Tohmatsu, the Group's external auditor.

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

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, except that the trustee of the share award scheme of the Company, pursuant to the terms of the rules and trust deed of the share award scheme, purchased on the Stock Exchange a total of 11,607,000 issued shares of the Company at a total consideration of approximately HK\$40,206,000.

By Order of the Board  
**Peter Wong Wai-yee**  
*Executive Director and Chief Executive Officer*

Hong Kong, 18th March 2026

At the date of this announcement, the Board of the Company comprises:

*Non-executive Directors:*

Dr. the Hon. Lee Ka-kit (*Chairman*)

Mr. Kenneth Liu Kai-lap

*Independent Non-executive Directors:*

Dr. the Hon. Moses Cheng Mo-chi

Mr. Brian David Li Man-bun

Dr. Christine Loh Kung-wai

*Executive Directors:*

Mr. Peter Wong Wai-yee (*Chief Executive Officer*)

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

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