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SERVICING A CLEANER CHINA

2025 Annual Report

CF ENERGY CORP

CF ENERGY CORP.
Management's Discussion and Analysis
For the years ended
December 31, 2025 and 2024

Dated April 27, 2026

Advisory

This Management's Discussion and Analysis ("MD&A") provides an analysis to enable readers to understand the financial position and operations of CF Energy Corp. (hereafter referred to as "CF Energy", "we" or the "Company") and its subsidiaries (collectively referred to as the "Group" or "our Group") as at and for the three-month period and the year ended December 31, 2025. This information should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2025 and 2024. "CF Energy " includes CF Energy Corp. and its subsidiaries, unless otherwise indicated. Additional information related to CF Energy is available on SEDAR+ at www.sedarplus.com or on its website at http://www.cfenergy.com.

The preparation of the audited consolidated financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") (collectively, "IFRS Accounting Standards") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosed contingent assets and liabilities at the date of the financial statements, and reported amounts of sales and expenses during the reporting period. CF Energy bases its estimates on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

This MD&A contains certain non-IFRS Accounting Standards ("non-GAAP") financial measures to assist users in assessing the Company's performance. Non-GAAP financial measures do not have any standard meaning prescribed by IFRS Accounting Standards and may not be comparable to similar measures presented by other issuers. These measures are identified and described under the section "Non-GAAP Financial Measures".

Amounts are stated in Renminbi (RMB), the official currency of the People's Republic of China (the "PRC" or "China") and the functional currency of the principal operating subsidiaries of the Company in the PRC, and Canadian dollars (CAD) unless otherwise indicated.

Caution Regarding Forward-Looking Information

Certain statements in this MD&A may constitute "forward looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward looking statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward looking statements, such as significant changes in market conditions, the inability of the Company to realize sales and the inability of the Company to attract sufficient financing and the risk factors summarized below under the heading "Risks and Uncertainties". New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Overview

CF Energy is a Canadian public company currently listed on the TSX Venture Exchange ("TSX-V") under the stock symbol "CFY". CF Energy is primarily involved in natural gas distribution and sustainable energy utilization, serving residential, commercial and industrial users as well as electric vehicle battery swap services in the PRC.

For reporting purposes under IFRS8 *Operating Segments*, our operating business model is grouped and presented under three main reportable segments:

(i) Gas distribution utility segment, which comprises natural gas transmission and sales, including:

(a) Pipeline Natural Gas ("PNG") sales and Liquified Natural Gas ("LNG") supply distribution sales and related service pipeline installation and connection sub-segments; and

(b) Natural gas direct transmission;

(ii) Integrated smart energy segment, which comprises the integrated smart energy system and integrated district energy distribution; and

(iii) Smart mobility segment, which comprises the operation of electric vehicle ("EV") battery swap stations and trading of EV to designated customers.

Gas Distribution Utility Segment

Pipeline PNG Sales and LNG Supply Distribution Sales

Major pipeline PNG sales projects are based in Sanya City, Hainan Province, and Pingxiang City, Jiangxi Province. The Company has been granted a 30-year exclusive concession right (2007 to 2037) in Sanya City to operate the PNG sales as well as the construction and maintenance of the required facilities and pipelines which makes the Company the dominant participant in the Sanya PNG gas distribution market. The Company also distributes PNG to users in the ceramic industry base of Xiangdong District, Pingxiang City, Jiangxi Province under a 30-year distribution right (2010 to 2040) granted to its 40% owned associate.

Natural Gas Direct Transmission

There are two (2) direct transmission pipelines operating in the province of Guangdong, China. This first one is the transportation of natural gas via the Company's 2.0 kilometers (1.4 miles) pipeline connecting the provincial natural gas trunk lines to the Gaoyao Combined Heat, Power and Cold Natural Gas Power Plant owned by Guangdong Datang International Zhaoqing Heat & Power Co., Ltd. in Zhaoqing City, Guangdong Province.

The second direct transmission pipeline is supplying natural gas to Xinhui Dazhe Gas Thermal Power Project owned by the State Power Investment Corporation Limited. Seven (7) kilometers (4.3 miles) of natural gas pipeline was constructed and operated by the Company.

CNG Vehicle Refueling (suspended operations in 2023)

The Company used to operate two (2) refueling stations in Sanya City, Hainan Province, and Changsha City, Hunan Province respectively which provided both CNG and LNG refueling services for vehicles such as household cars, taxicabs, buses and trucks. The operations of the Sanya City refueling station were forced to suspend as the location of the station being too close to the intended location for the construction of certain government property resulting in no longer meeting the safety regulation requirements, while the operations of the Changsha City station were terminated as it no longer aligned with the future business strategies of the Group with major focus on clean energy solutions with high growth potentials. As a result of the suspension, the operations of the CNG Vehicle Refueling segment were accounted for as discontinued operations in the consolidated financial statements.

Integrated Smart Energy Segment

Currently, there are two (2) projects under this segment, namely the integrated smart energy project (the "Haitang Bay Integrated Smart Energy Project") and the integrated district energy distribution project (the "Meishan Project").

The Haitang Bay Integrated Smart Energy Project

The Haitang Bay Integrated Smart Energy Project, which combines the use of multiple clean energy sources, including solar, hydro, electricity and natural gas (CCHP/Co-Gen), is to supply cooling, heating, as well as hot water to the hotels, shopping centers and households in the Haitang Bay area of Sanya City, Hainan Province, the PRC. This project is conducted through the Group's 70% interest held (30% held by the EDF Group) of a subsidiary company, EDF Changfeng (Sanya) Energy Co., Ltd. ("EDF CF") with an authorized capital of RMB119.1 million fully paid up in 2021. Under a 30-year concession right agreement (2017 to 2047), EDF CF has the right to build, own and operate the project in Haitang Bay, Hainan Province.

The Project has been recognized as a low-carbon energy utilization project in the tropical resort city of Sanya, Hainan Province, to provide air-conditioning with reduced emissions for public facilities in the Haitang Bay area. The Project will have there (3) central energy stations with 30km of district cooling and heating distribution networks when fully developed. Once fully implemented, the system will distribute cooling, heating and hot water to serve 3.5 million square meters of cooling space for commercial customers, including large-scale hotels, shopping malls, entertainment parks and buildings, hospitals and other commercial complexes. The Project uses an optimized multi-energy integration program to distribute cooling, heating and hot water to customers. The system will apply many advanced technologies, i.e. multi-level compressed high-efficient refrigeration units, "ice battery" technology, hydro heat pump technology, distributed photovoltaic technology and AI data management to provide a more efficient energy supply. The Project integrates advanced energy-saving technologies, such as ice storage and water-source heating pumping. It is expected to save about 30,000 tons of standard coal and reduce approximately 80,000 tons of carbon dioxide, sulfur dioxide and nitrogen oxide emissions every year once fully implemented.

Construction of the first energy station and the 31.318km of a double-lined pipeline for the integrated smart energy network has been completed and commenced commercial operation in September 2021, providing services to international brand-name hotel customers such as the Sanya Edition Hotel, Fairmont Sanya Haitang Bay, Westin Sanya Haitang Bay Resort and Grand Hyatt Sanya Haitang Bay Hotel, etc. The Company has signed up twenty-one (21) commercial customers in Haitang Bay as of the date of this MD&A. The first energy station can provide services to 400,000 square meters of cooling space. As the current phase has not reached its maximum capacity, hence the construction of other phases has not commenced.

The Meishan Project

The Meishan Project is a joint investment, construction and operation of an integrated district energy distribution project in the New Economic Development Zone of Meishan City, Sichuan Province (the "Meishan New Economic Development Zone") to be operated by Meishan Hengtai Tianzhiyuan Energy Limited ("Meishan Hengtai"), a company which the Group holds an effective interest of 72%. The Meishan New Economic Development Zone, situated next to the central urban area of Meishan City, Sichuan Province, with a planned development area of 50.5 square kilometers, is to be the hub for manufacturers of drugs, supplements, medical equipment and other medical-related supplies. The year-round constant demand for steam is necessary to produce drugs which makes the Meishan New Economic Development Zone an ideal platform for integrated district energy distribution.

The Meishan project commenced operation in mid-May 2021 and has signed up seventeen (17) customers with fourteen (14) customers under service as of the date of this MD&A. Pipelines for the remaining three (3) customers are either under construction or have been completed, pending installation of the customers' own equipment.

The project is expected to benefit from cost efficiency while significantly improving the district's energy consumption efficiency and reducing local air pollution in line with state policy as more customers connect to the program.

Smart Mobility Segment

EV Battery Swap Stations

The EV battery swap station business is a segment of the Group to build and operate battery swap service for electric vehicles. There are a total of seven (7) EV battery swap stations, including one (1) under construction. Four (4) stations are operating in Sanya City, Hainan Province. The remaining three (3) stations (which includes

the station relocated from Liupanshiu City, Guizhou Province with commencement of operation in the second quarter of 2026) in Beihai City, Guangxi Province.

Battery swap stations offer a compelling alternative to conventional EV charging by reducing the refueling process to 3 minutes. The battery swapping service eliminates range anxiety for taxi drivers and avoids long waiting period at charging stations.

Results for the three-month period and year ended December 31, 2025

Continuing operations

For the three-month period ended December 31, 2025, the Group reported a net profit from continuing operations of RMB8.2 million, a decrease of RMB2.9 million from a net profit of RMB11.1 million for the three-month period ended December 31, 2024. On a comparable basis, there was an adjustment on a non-recurring government financial assistance of RMB0.6 million from the local government of Sanya City for the acquisition of transmission equipment, such as gateways and routers to carry out digital transformation in the subsidiary company (2024: RMB nil). The non-GAAP adjusted net profit from continuing operations for the three-month period ended December 31, 2025 was RMB7.6 million, a decrease of RMB3.5 million, from a net profit of RMB11.1 million as reported for the same period in 2024.

For the year ended December 31, 2025, the Group reported a net profit from continuing operations of RMB14.6 million, a decrease of RMB2.3 million from a net profit of RMB16.9 million for the year ended December 31, 2024. On a comparable basis, there was an adjustment on a non-recurring government financial assistance of RMB0.8 million, including RMB0.2 million from the local government of Beihai City, Guangxi Province to subsidize infrastructure of EV station in the first quarter of 2025 and RMB0.6 million from the local government of Sanya City for the support of digital transformation in the fourth quarter of 2025 (2024: RMB nil), the non-GAAP adjusted net profit from continuing operations for the year ended December 31, 2025 was RMB13.8 million, a decrease of RMB3.1 million, from a net profit of RMB16.9 million as reported for the same period in 2024.

Discontinued operations

Loss from discontinued operations for the three-month period ended December 31, 2025 was RMB0.3 million, a decrease in loss of RMB0.2 million from a loss of RMB0.5 million for the three-month period ended December 31, 2024. Loss from discontinued operations for the year ended December 31, 2025 was RMB0.7 million, a decrease in loss of RMB0.1 million from a loss of RMB0.8 million for the year ended December 31, 2024.

Major Highlight for year ended December 31, 2025 and up to the date of this MD&A

Gas Selling Price Adjustment

The Group's natural gas business is a price-regulated industry in China, where its business and operations are susceptible to risks associated with government pricing policy and regulation changes. The Group needs to enter into discussions and negotiations with local governments on pricing from time to time. Over the past years, the Group had been able to increase the pre-tax selling price several times. In July 2020, as the government natural gas price regulating body in Sanya City, the Sanya City Development and Reform Commission ("SYDRC") finalized the City's natural gas utility pricing formula adjustment (the "Pricing Formula"), which is based on and adjusted with reference to the pricing formula adjustment of the gas purchase price (the "Gas Purchasing Price") plus gas distribution cost became the guideline for the Group to follow on its gas selling prices starting from August 1, 2020 for both residential and commercial customers.

As Gas Selling Price adjustments generally take effect from April 1 each year, the weighted average pre-tax Gas Selling Price each year may not fully reflect the price adjustments pronounced by the SYDRC for that year.

On March 28, 2025, SYDRC informed the Company by way of a notification letter that the 2024 Gas Selling Price for commercial customers has been recalculated according to the previously adopted Pricing formula (the "2025 Gas Selling Price"). With effect from the April 2025 meter reading cycle, the pre-tax 2025 Gas Selling

Price per m^3 to commercial customers increased from RMB4.43 in 2024 to RMB4.54 in 2025, while the gas selling price for the other remaining categories of customers remains unchanged, including the third level price to residential customers remained at RMB4.41.

The Pricing Formula is part of the pricing control strategy of the SYDRC for the whole of China. Going forward, as the pricing control policy is being further implemented by the SYDRC, the Group expects the New Gas Selling Price would significantly and adversely impact the profitability of its natural gas distribution business segment.

Change of CFO

Ms. Ling Cao, Chief Financial Officer of the Company ("CFO") tendered her resignation as CFO with effect from May 12, 2025 and she continues to serve the Group at the subsidiary level. After careful consideration, the board of directors of the Company has appointed Mr. Yongqiang (Shawn) Shan as the new CFO with effect from May 12, 2025.

Appointment of the Board of Directors

Following the passing by the shareholders of the Company of the proposed resolution for the appointment of directors of the Company for the ensuing year at the annual general and special meeting of the Company held on November 17, 2025 (the "AGM"), with effect from the conclusion of the AGM, each of Ann Siyin Lin, Frederick Wong, Siqin Lin, Laurence Wang, Wencheng Zhang, Haicheng Wang and Yiming Luo has been duly appointed as a director of the Company to hold office until the conclusion of the next annual general meeting of the Company.

Haitang Bay Integrated Smart Energy Project Government Grant

The Company's controlled subsidiary, EDF CF, which holds the Haitang Bay Integrated Smart Energy Project, has received the first installment of a grant under the National Development and Reform Commission Low Carbon Investment Grant (the "Grant") granted out of the national budget for important low carbon projects in China to the sum of RMB18.4 million (approx. CAD 3.5 million) in March 2026. The Grant, which represents both an incentive grant and a recognition of the project's status in Hainan as a key low carbon demonstration project, is to be used exclusively in support of the continuing development of the Haitang Bay Project. The second and final installment of the Grant is expected to be the same amount as this first installment, in accordance with the timeline of the project.

Shareholder Petition to the Supreme Court of British Columbia

In 2024, the counsel representing a shareholder of the Company (the "Petitioning Shareholder") commenced a petition to the Supreme Court of British Columbia (the "Supreme Court") (the "Petition") for leave to prosecute the claim under the Loan Discharge Agreement in the Ontario Superior Court of Justice in the name and on behalf of the Company against the Estate. Having sought advice from its legal counsel, the Company considered it appropriate to oppose against the petition and the petition is now pending hearing by the Supreme Court.

In March 2026, the Petition was heard and the Supreme Court allowed the Petitioning Shareholder to proceed with the claim on behalf of the Company. The special committee of the independent Directors is actively reviewing its legal options with its legal counsel. For the avoidance of doubt, the Company would like to emphasis and wishes its shareholders to note that, while reviewing the Petition and in arriving at its decision, the Supreme Court did not identify or make findings of any wrongdoings against the Company or its Board of Directors.

The Company remains focused on protecting shareholder value and will continue to act in the best interests of the Company and all its stakeholders.

CF Energy Chairman Lin Siyin Honored as 2025 Sanya "March 8th Red-Banner Pacesetter"

The Company is proud to announce that Ms. Siyin Lin, Chair and CEO of the Company has been named a 2025 Sanya "March 8th Red-Banner Pacesetter."

This prestigious award is a honor for women in China, recognizing outstanding contributions to economic and social development. It celebrates Ms. Lin's exceptional leadership in advancing Sanya's clean energy infrastructure and her commitment to corporate social responsibility.

The "March 8th Red-Banner Pacesetter" (三八红旗手) award was launched by the All-China Women's Federation in 1960. It is the highest honor presented to women in China. The first selection event was held in 1960, with winners initially being exemplary workers in agriculture and industry. Since China's Reform and Opening-up Policy, the federation has presented the awards annually.

Appointment of New Auditor

On December 22, 2025, the incumbent auditor, Deloitte Touche Tomatsu, resigned as the auditor of the Company. On the recommendation of its audit committee, the Company appointed WWC, P.C., Certified Public Accountants as the auditor of the Company and the Group for the year ended December 31, 2025.

Company Outlook

The global energy landscape is undergoing a fundamental transformation with accelerating efforts in electrification and digitalization of the industry. In the short-term, the global energy markets will remain volatile due to geopolitical uncertainties and supply chain disruptions while demand for electricity consumption continues to rise driven by the rapid growth of data centers, artificial intelligence applications and etc. The natural gas industry faces a variety of challenges ranging from regulatory impacts to market dynamics, but it continues to play a critical role as a transition fuel, supporting the integration of renewable energy, distributed energy resources, and digital energy management systems as they are becoming key components of modern energy infrastructure.

At the same time, the continued development of the Hainan Free Trade Port has significantly enhanced the economic vitality of the region, particularly in Sanya. The increase in tourism and commercial activity has driven higher for energy consumption, which also led to steady growth in the Company's natural gas supply business. The Company envisions that Sanya will expand its infrastructure including hospitality, retail, and transportation which will create additional opportunities for energy consumption and integrated energy services.

Distributed Smart Energy Ecosystem – Progress to Date:

CF Energy has continued its strategic transformation from a traditional natural gas company into a comprehensive energy solutions provider, focusing on incorporating its smart energy system and energy storage technology to create a highly integrated and efficient framework for sustainable energy management.

CF Energy's Haitang Bay integrated smart energy project and Meishan project are flagships of standalone distributed energy system with advanced grid technologies that enable real-time monitoring and responsive energy distribution based on demand and supply conditions. The Haitang Bay integrated smart energy system has enhanced energy efficiency and system flexibility through the application of ice storage for peak load shifting.

In parallel, the Company has entered the field of electrochemical energy storage for cost reduction and energy conservation through the mode of battery swapping in new energy vehicles. The battery swap station network in Sanya and Beihai have been contributing to the optimization of the power grid as they reduce strain on the electrical grid and avoid demand spikes.

Distributed Smart Energy Ecosystem –Current Initiatives:

The Company is working with partners in the IoT (internet of things), and cloud services field to create an efficient EMS (energy management system) that connects the standalone distributed smart energy systems with various energy management and storage technologies. This will serve as the core infrastructure for enabling virtual power plant (VPP) capabilities. Through the deployment of IoT-enabled devices and data acquisiton systems,

the Company will be able to collect real-time data on energy production, storage levels, battery health, and consumption patterns. Using historical data and machine learning models, the EMS can predict demand spikes, potential system disruptions, and optimal energy production schedules. This will form the operational backbone of the Company's virtual power plant strategy.

Distributed Smart Energy Ecosystem – Outlook and Strategic Direction:

The Company will continue its development in energy management driven by electrification, increasing renewable penetration, and rising demand for power grid stability. The Company aims to aggregate and optimize the distributed energy assets including centralized cooling system, battery swap stations, and energy storage system into a platform which enables the development of virtual power plant with active end user participation. This will provide support in power grid stability via peak shaving, load balancing, and frequency regulation.

In addition, the Company is working to integrate a demand response system where hotels and other end users can opt-in to adjust their energy usage during peak periods in response to incentives. For example, shifting non-essential power usage to off-peak hours. EV owners can charge their vehicles during off-peak hours to benefit from lower rates and reduce grid strain during high-demand periods. Alternatively, V2G (Vehicle to Grid) concept allows EVs to return energy to the grid during peak times, effectively using the vehicle's battery as a grid resource. Furthermore, utilizing a platform for energy trading that allows surplus energy (from renewable sources and stored energy) to be sold back to the grid or shared among participants will add additional revenue stream and encouraging sustainable practices. The integration must connect all components through a smart grid that enables two-way communication between the energy providers and consumers.

Selected Quarterly/Yearly Financial Information

The following table provides selected financial information for the three-month periods and the years ended December 31, 2025 and 2024 is presented in Chinese RMB. Presentation in Canadian dollars is for information purposes only (Note 2).

	RMB'000				RMB'000			
	Three-month periods ended December 31,				For the years ended December 31,			
except percentages and per share amounts	**2025**	**2024**	**Change**	**%**	**2025**	**2024**	**Change**	**%**
Continuing Operations								
Revenue	**119,901**	**143,588**	**(23,687)**	**-16%**	**411,918**	**519,975**	**(108,057)**	**-21%**
Gross profit	**34,773**	**53,043**	**(18,270)**	**-34%**	**112,367**	**134,621**	**(22,254)**	**-17%**
% of revenue	29.0%	36.9%	-7.9%		27.3%	25.9%	1.4%	
Other income	1,414	1,201	213	18%	3,458	4,793	(1,335)	-28%
Other gain and losses, net	(251)	1,670	(1,921)	-115%	(270)	1,190	(1,460)	-123%
Impairment losses recognized under expected credit loss model, net	(2,207)	(5,018)	2,811	-56%	(2,142)	(6,764)	4,622	-68%
Selling and marketing expenses	(8,489)	(10,733)	2,244	-21%	(31,854)	(39,857)	8,003	-20%
% of revenue	7.1%	7.5%	-0.4%		7.7%	7.7%	0.1%	
General and administrative expenses	(11,793)	(13,951)	2,158	-15%	(43,710)	(46,226)	2,516	-5%
% of revenue	9.8%	9.7%	0.1%		10.6%	8.9%	1.7%	
Research and development expenses	(1,360)	-	(1,360)	100%	(1,360)	-	(1,360)	100%
% of revenue	1.1%	-	1.1%		0.3%	-	0.3%	
Share of results of associates	2,541	3,714	(1,173)	-32%	12,565	13,922	(1,357)	-10%
Finance costs	(3,486)	(5,870)	2,384	-41%	(18,282)	(19,273)	991	-5%
Profit before tax	**11,142**	**24,056**	**(12,914)**	**-54%**	**30,772**	**42,406**	**(11,634)**	**-27%**
% of revenue	9.3%	16.8%	-7.6%		7.5%	8.2%	-0.7%	
Income tax expense	(2,952)	(12,950)	9,998	-77%	(16,167)	(25,463)	9,296	-37%
% of revenue	2.5%	9.0%	-6.6%		3.9%	4.9%	-1.0%	
Profit for the period / year from continuing operations	8,190	**11,106**	**(2,916)**	**-26%**	**14,605**	**16,943**	**(2,338)**	**-14%**
% of revenue	6.8%	7.7%	-0.9%		3.5%	3.3%	0.3%	
Discontinued operations								
Loss for the period / year from discontinued operations	(303)	(505)	202	-40%	(721)	(791)	70	-9%
Profit for the period	**7,887**	**10,601**	**(2,714)**	**-26%**	**13,884**	**16,152**	**(2,268)**	**-14%**
Other comprehensive expense								
Items that will not be reclassified to profit or loss								
Fair value loss on investments in equity instruments								
at fair value through other comprehensive income	(6,278)	(55)	(6,223)	>100%	(6,278)	(55)	(6,223)	>100%
Income tax relating to item that will not be reclassified								
to profit or loss	(46)	-	(46)	100%	(46)	-	(46)	100%
Other comprehensive expense for the period/year, net of income tax	(6,278)	(55)	(6,223)		(6,324)	(55)	(6,223)	
Total comprehensive income for the period / year	**1,609**	**10,546**	**(8,937)**	-85%	**7,560**	**16,097**	**(8,491)**	-53%
Profit for the period attributed to owner of the Company								
- from continuing operations	9,785	12,615	(2,830)	-22%	20,653	24,746	(4,093)	-17%
- from discontinued operations	(191)	(256)	65	-25%	(431)	(277)	(154)	56%
	9,594	**12,359**	**(2,765)**	-22%	**20,222**	**24,469**	**(4,247)**	-17%
Loss for the period attributed to non-controlling interests								
- from continuing operations	(1,595)	(1,509)	(86)	6%	(6,048)	(7,803)	1,755	-22%
- from discontinued operations	(112)	(249)	137	-55%	(290)	(514)	224	-44%
	(1,707)	(1,758)	51	-3%	(6,338)	(8,317)	1,979	-24%
	7,887	**10,601**	**(2,714)**	**-26%**	**13,884**	**16,152**	**(2,268)**	**-14%**
Total comprehensive income (expense) attributable to								
- Owners of the Company	**3,316**	**12,304**	**(8,988)**	**-73%**	**13,898**	**24,414**	**(10,516)**	**-43%**
- Non-controlling interests	(1,707)	(1,758)	51	-3%	(6,338)	(8,317)	1,979	-24%
	1,609	**10,546**	**(8,937)**	-85%	**7,560**	**16,097**	**(8,537)**	-53%
EBITDA from continuing operations (note 1)	**26,561**	**40,288**	**(13,727)**	**-34%**	**92,776**	**103,918**	**(11,143)**	**-11%**
% of revenue	22.2%	28.1%	-5.9%		22.5%	20.0%	2.5%	
Earnings (loss) per share								
From continuing and discontinued operations	***RMB***	***RMB***			***RMB***	***RMB***		
-Basic	0.15	0.19			0.31	0.37		
-Diluted	0.15	0.19			0.31	0.37		
From continuing operations								
-Basic	0.15	0.19			0.31	0.37		
-Diluted	0.15	0.19			0.31	0.37		
From discontinued operations								
-Basic	(0.00)	(0.00)			(0.00)	(0.00)		
-Diluted	(0.00)	(0.00)			(0.00)	(0.00)		

Note 1: EBITDA is identified and defined under the section "Non-GAAP Financial Measures".

In thousands of Canadian dollars except percentages	Three-month periods ended December 31,				For the years ended December 31,			
(For information purposes and unaudited)	**2025**	**2024**	**Change**	**%**	**2025**	**2024**	**Change**	**%**
Continuing Operations								
Revenue	**23,309**	**27,325**	**(4,016)**	**-15%**	**80,077**	**98,951**	**(18,874)**	**-19%**
Gross profit	**6,760**	**10,094**	**(3,334)**	**-33%**	**21,844**	**25,618**	**(3,774)**	**-15%**
% of revenue	29.0%	36.9%	-7.9%		27.3%	25.9%	1.3%	
Other income	275	229	46	20%	672	912	(240)	-26%
Other gain and losses, net	(49)	318	(367)	-115%	(52)	226	(278)	-123%
Impairment losses recognized under expected credit loss model, net	(429)	(955)	526	-55%	(416)	(1,287)	871	-68%
Selling and marketing expenses	(1,650)	(2,042)	392	-19%	(6,192)	(7,585)	1,393	-18%
% of revenue	7.1%	7.5%	-0.4%		7.7%	7.7%	0.1%	
General and administrative expenses	(2,293)	(2,655)	362	-14%	(8,497)	(8,797)	300	-3%
% of revenue	9.8%	9.7%	0.1%		10.6%	8.9%	1.7%	
Research and development expenses	(264)	-	(264)	100%	(264)	-	(264)	100%
% of revenue	1.1%	-	1.1%		0.3%	-	0.3%	
Share of results of associates	494	707	(213)	-30%	2,443	2,649	(206)	-8%
Finance costs	(678)	(1,117)	439	-39%	(3,554)	(3,668)	114	-3%
Profit before tax	**2,166**	**4,579**	**(2,413)**	**-53%**	**5,984**	**8,068**	**(2,084)**	-26%
% of revenue	9.3%	16.8%	-7.5%		7.5%	8.2%	-0.7%	
Income tax expense	(574)	(2,464)	1,890	-77%	(3,143)	(4,846)	1,703	-35%
% of revenue	2.5%	9.0%	-6.6%		3.9%	4.9%	-1.0%	
Profit for the period/year from continuing operations	**1,592**	**2,115**	**(523)**	**-25%**	**2,841**	**3,222**	**(381)**	**-12%**
% of revenue	6.8%	7.6%	-0.9%		3.5%	3.3%	0.3%	
Discontinued operations								
Loss for the period/year from discontinued operations	(59)	(96)	37	-39%	(140)	(151)	11	-7%
Profit for the period/year from continuing operations	**1,533**	**2,019**	**(486)**	**-24%**	**2,701**	**3,071**	**(370)**	**-12%**
Total comprehensive income for the period/year	**1,533**	**2,019**	**(486)**	**-24%**	**2,701**	**3,071**	**(370)**	**-12%**
Profit for the period/year attributed to owner of the Company								
- from continuing operations	1,902	2,399	(497)	-21%	4,017	4,707	(690)	-15%
- from discontinued operations	(37)	(48)	11	-23%	(84)	(53)	(31)	58%
	1,865	2,351	(486)	-21%	3,933	4,654	(721)	-15%
Loss for the period/year attributed to non-controlling interests								
- from continuing operations	(310)	(284)	(26)	9%	(1,176)	(1,485)	309	-21%
- from discontinued operations	(22)	(48)	26	-54%	(56)	(98)	42	-43%
	(332)	(332)	-	0%	(1,232)	(1,583)	351	-22%
	1,533	**2,019**	**(486)**	**-24%**	**2,701**	**3,071**	**(370)**	**-12%**
Total comprehensive income (expense) attributable to								
- Owners of the Company	**1,865**	**2,351**	**(486)**	**-21%**	**3,933**	**4,646**	**(713)**	-15%
- Non-controlling interests	(332)	(332)	-	0%	(1,232)	(1,583)	351	-22%
	1,533	**2,019**	**(486)**	-24%	**2,701**	**3,071**	**(370)**	-12%
EBITDA from continuing operations (note 1)	**5,163**	**7,667**	**(2,502)**	**-33%**	**18,036**	**19,776**	**(1,740)**	**-9%**
% of revenue	22.2%	28.1%	-5.9%		22.5%	20.0%	2.6%	
Earnings (loss) per share								
From continuing and discontinued operations	***CAD***	***CAD***			***CAD***	***CAD***		
-Basic	0.03	0.04			0.06	0.07		
-Diluted	0.03	0.04			0.06	0.07		
From continuing operations								
-Basic	0.03	0.04			0.06	0.07		
-Diluted	0.03	0.04			0.06	0.07		
From discontinued operations								
-Basic	(0.00)	0.00			(0.00)	0.00		
-Diluted	(0.00)	0.00			(0.00)	0.00		

Note 2: Canadian dollars were converted from RMB at the respective average rates of RMB1.000 to CAD0.1944 and RMB1.000 to CAD 0.1903 for the years ended December 31, 2025 and 2024 respectively. In converting RMB to CAD, percentage change in CAD may not be fully aligned with that of RMB.

Result of Operations

Total Revenue and Sales Volume sold

Continuing Operations

Revenue (Summary table)

Total Revenue (in RMB'000)	Three-month periods ended December 31, 2025	2024	Change	%	For the years ended December 31, 2025	2024	Change	%
Gas Distribution Utility								
- Gas supply	66,480	58,180	8,300	14%	231,233	278,485	(47,252)	-17%
- Pipeline installation and connection	40,175	72,145	(31,970)	-44%	139,983	200,321	(60,338)	-30%
Integrated Smart Energy	11,207	10,146	1,061	10%	30,616	28,321	2,295	8%
Smart Mobility	2,039	3,117	(1,078)	-35%	10,086	12,848	(2,762)	-21%
Total Revenue in RMB'000	**119,901**	**143,588**	**(23,687)**	**-16%**	**411,918**	**519,975**	**(108,057)**	**-21%**
Total Revenue in CAD'000	**23,309**	**27,325**	**(4,016)**	**-15%**	**80,077**	**98,951**	**(18,874)**	**-19%**

Located in an international tourist destination in the PRC's only tropical province, Sanya City, our business is affected by the demand for natural gas generated by tourists in hotel stays and traveling activities such as catering in restaurants.

Total revenue from continuing operations for the three-month period ended December 31, 2025 (the "Fourth Quarter in 2025") was RMB119.9 million, a decrease of RMB23.7 million, or 16%, from RMB143.6 million for the three-month period ended December 31, 2024 (the "Fourth Quarter in 2024"). Revenue from gas supply for the Fourth Quarter in 2025 was RMB66.5 million, an increase of RMB8.3 million, or 14% as compared to RMB58.2 million for the Fourth Quarter in 2024. Revenue from pipeline installation and connection for the Fourth Quarter in 2025 was RMB40.2 million, a decrease of RMB31.9 million, or 44% as compared to RMB72.1 million for the Fourth Quarter in 2024. Revenue from the Integrated Smart Energy segment for the Fourth Quarter in 2025 was RMB11.2 million, an increase of RMB1.1 million, or 10% as compared to RMB10.1 million for the Fourth Quarter in 2024. Revenue from the smart mobility segment was RMB2.0 million for the Fourth Quarter in 2025, a decrease of RMB1.1 million, or 35% as compared to RMB3.1 million for the Fourth Quarter in 2024.

Total revenue for the Fourth Quarter in 2024 included revenue from a non-recurring urban gas pipeline facility renovation project which was not repeated for the Fourth Quarter in 2025. Excluding such revenue, revenue for the Fourth Quarter in 2025 decreased by RMB17.4 million, or 12.7%, from RMB137.3 million for the Fourth Quarter in 2024 to RMB119.9 million for the Fourth Quarter in 2025 on a comparable basis.

Total revenue from continuing operations for the year ended December 31, 2025 was RMB411.9 million, a decrease of RMB108.1 million, or 21%, from RMB520.0 million for the year ended December 31, 2024. Revenue from gas supply in 2025 was RMB231.2 million, a decrease of RMB47.3 million, or 17% as compared to RMB278.5 million in 2024. Revenue from pipeline installation and connection in 2025 was RMB140.0 million, a decrease of RMB60.3 million, or 30% as compared to RMB200.3 million in 2024. Revenue from the Integrated Smart Energy segment in 2025 was RMB30.6 million, an increase of RMB2.3 million, or 8% as compared to RMB28.3 million in 2024. Revenue from the Smart mobility segment was RMB10.1 million in 2025, a decrease of RMB2.7 million, or 21% as compared to RMB12.8 million in 2024.

Total revenue included revenue from a non-recurring urban gas pipeline facility renovation project carried out in 2024 and substantially completed in 2025 and a bulk sales of pipeline gas to two gas suppliers of power plants in 2024. Excluding these sales, revenue in 2025 decreased RMB25.6 million, or 5.9% from RMB432.9 million in 2024 to RMB407.3 million on a comparable basis.

The decrease in revenue for the Fourth Quarter and 2025 was mainly attributed to the continuous unfavorable factors and sentiment in the property market in the PRC that hindered the growth of China's real estate market in recent years, which in turn affects the business growth of city natural gas operators in Sanya City.

Gas Sales volume by nature of customers

Sales volume sold by nature of customers

Sanya City, Hainan Province	Three-month periods ended December 31,				For the years ended December 31,			
Gas volume sold (m^3)	2025	2024	Change	%	2025	2024	Change	%
Residential customers	7,841,904	6,121,176	1,720,728	28%	24,205,354	22,889,287	1,316,067	6%
Commercial customers	9,567,747	10,013,280	(445,533)	-4%	38,250,234	59,482,161	(21,231,927)	-36%
Total	**17,409,651**	**16,134,456**	**1,275,195**	**8%**	**62,455,588**	**82,371,448**	**(19,915,860)**	**-24%**

Gas sales volume of residential customers in Sanya City for the Fourth Quarter in 2025 was 7.8 million m^3, an increase of 1.7 million m^3, or 28% as compared to 6.1 million m^3 for the Fourth Quarter in 2024. Gas sales volume of residential customers in Sanya City in 2025 was 24.2 million m^3, an increase of 1.3 million m^3, or 6% as compared to 22.9 million m^3 in 2024. Increase in gas sales volume for the fourth Quarter in 2025 was attributed to the increase in the number of new residential customers as compared to the same period in 2024.

The increase in Gas sales volume of residential customers was mainly attributed to the positive effect of the Hainan Free Port's opening-up policy, which commenced in late December 2025. The Hainan Free Trade Port policy adheres to the opening up of the Province, focusing on the liberalization and facilitation of trade, investment, cross-border capital flows, people's movement, transportation, and safe and orderly flow of data. Looking forward to this policy will boost the business environment in Sanya City, residential homeowners living in other parts of China returned to Sanya City for the Fourth Quarter in 2025 for gas connection in their property, either for their own use or to get ready for property rental out.

Gas sales volume of commercial customers in Sanya City for the Fourth Quarter in 2025 was 9.6 million m^3, a decrease of 0.4 million m^3, or 4% as compared to 10.0 million m^3 for the Fourth Quarter in 2024.

Gas sales volume of commercial customers in Sanya City in 2025 was 38.3 million m^3, a decrease of 21.2 million m^3, or 36% as compared to 59.5 million m^3 in 2024. Gas sales volume of commercial customers in 2024 included a bulk sales of pipeline gas of 20.5 million m^3 to two customers who distributed gas onward to power plants in the first half of 2024, which was not repeated in 2025. Excluding such bulk gas sales, sales volume of commercial customers in 2025 slightly decreased by RMB0.7 million m^3, or 2% from 39.0 million m^3 in 2024 to 38.3 million m^3 in 2025 on a comparable basis.

As an international tourist destination and the only tropical province in the PRC, Sanya City's traveling activities have a direct impact on gas revenue from commercial customers as a large portion of gas revenue are generated from this sub-segment. The tourist industry in Sanya City recorded a steady growth for the Fourth Quarter in 2025 and in the full year of 2025. According to the Sanya City Bureau of Statistics, the number of overnight visitors to Sanya City was 7.0 million for the Fourth Quarter in 2025, an increase of 0.5 million, or 6.9% as compared to 6.5 million in 2024. The number of overnight visitors to Sanya City was 27.1 million in 2025, an increase of 1.0 million, or 4% as compared to 26.1 million in 2024.

Commercial customers in Sanya City which include non-residential customers such as hotels, resorts and restaurants, contributed approximately 85.0% of the total volume from commercial customers with the remaining 15% contributed from social welfare units such as schools, government facilities, and other not-for-profit organizations.

Gas sales by number of customers

	Three-month periods ended December 31,				For the years ended December 31,			
Sanya City, Hainan Province	**2025**	**2024**	**Change**	**%**	**2025**	**2024**	**Change**	**%**
Customers newly started gas supply								
Residential customers	**9,113**	**6,707**	2,406	36%	**23,241**	**25,772**	(2,531)	-10%
Commercial customers	**32**	**36**	(4)	-11%	**104**	**129**	(25)	-19%
Total customers								
Residential customers	**369,028**	**345,787**	23,241	7%	**369,028**	**345,787**	23,241	7%
Commercial customers	**1,735**	**1,631**	104	6%	**1,735**	**1,631**	104	6%

The residential sector recorded 9,113 new customers for the Fourth Quarter in 2025, an increase of 2,406 new customers, or 36% as compared to 6,707 new residential customers for the Fourth Quarter in 2024. The residential sector recorded 23,241 new customers in 2025, a decrease of 2,531 new customers, or 10% as compared to 25,772 new residential customers in 2024.

The increase in new residential customers for the Fourth Quarter was attributed to the positive effect from the Hainan Free Port's opening-up policy as mentioned in the previous section which was overriden by the continuous unfavorable factors and sentiment in the property market in the PRC in recent years that hindered and adversely affected the growth of China's real estate market and the overall number of new residential customers obtained in 2025.

32 new commercial customers were obtained for the Fourth Quarter in 2025 as compared to 36 new commercial customers for the Fourth Quarter in 2024. 104 new commercial customers were obtained in 2025 as compared to 129 new commercial customers in 2024.

There was a total of 369,028 residential customers and 1,735 commercial customers as at December 31, 2025, as compared to 345,787 residential customers and 1,631 commercial customers as at December 31, 2024.

Gas sales revenue by customers

Gas sales revenue by customers								
Sanya City, Hainan Province								
Gas sales revenue	**Three-month periods ended December 31,**				**For the years ended December 31,**			
(in RMB'000)	**2025**	**2024**	**Change**	**%**	**2025**	**2024**	**Change**	**%**
Residential customers	26,561	17,754	8,807	50%	70,568	62,821	7,747	12%
Commercial customers	38,862	39,660	(798)	-2%	154,916	209,622	(54,706)	-26%
	65,423	**57,414**	**8,009**	**14%**	**225,484**	**272,443**	**(46,959)**	**-17%**
Other cities								
Gas sales revenue								
(in RMB'000)								
Commercial customers	1,057	766	291	38%	5,749	6,042	(293)	-5%
Total gas sales by customers	**66,480**	**58,180**	**8,300**	**14%**	**231,233**	**278,485**	**(47,252)**	**-17%**

Gas sales revenue from residential customers in Sanya City for the Fourth Quarter in 2025 was RMB26.6 million, an increase of RMB8.8 million, or 50% as compared to RMB17.8 million for the Fourth Quarter in 2024. Gas sales revenue from residential customers for the Fourth Quarter in 2025 included a bulk sales of over 400 pieces of gas appliances to a property developer in December 2025 that contributed a revenue of RMB2.1 million to the residential sector. No such sales was made in 2024. The increase in Gas sales revenue of residential customers was mainly attributed to the increase in gas sales volume.

Gas sales revenue from commercial customers in Sanya City for the Fourth Quarter in 2025 was RMB38.9 million, a decrease of RMB0.8 million, or 2%, from RMB39.7 million for the Fourth Quarter in 2024.

Gas sales revenue from residential customers in Sanya City in 2025 was RMB70.5 million, an increase of RMB7.7 million, or 12% as compared to RMB62.8 million in 2024.

Gas sales revenue from commercial customers in Sanya City in 2025 was RMB154.9 million, a decrease of RMB54.7 million, or 26% from RMB209.6 million in 2024. Excluding bulk sales to power plants in 2024 as mentioned in the earlier section, gas sales revenue of commercial customers in 2025 was similar to RMB154.7 million in 2024 on a comparable basis.

Sales revenue in Sanya City was driven by sales volume and gas selling prices based on the Gas Selling Price adjustments pronounced by the SYDRC generally take effect from April 1 of each year. The pre-tax gas selling price of commercial customers pronounced by the SYDRC increased by RMB0.11, or 2% from RMB4.43 in 2024 to RMB4.54 in April 2025.

Excluding the bulk sales of gas appliances in December 2025, the weighted average gas selling price per m^3 for residential customers in Sanya City was approximately RMB3.1 for the Fourth Quarter in 2025, an increase of RMB0.2, or 7.7% from RMB2.9 for the Fourth Quarter in 2024. Similarly, excluding the effect of such bulk sales of gas appliances, the weighted average gas selling price per m^3 for residential customers in Sanya City remained constant at RMB2.8 in 2025 and 2024.

The weighted average gas selling price per m^3 for commercial customers in Sanya City remained constant at approximately RMB4.1 for the Fourth Quarter in 2025 and 2024.

The weighted average gas selling price per m^3 for commercial customers in Sanya City was approximately RMB4.1 in 2025, an increase of RMB0.6, or 14.9% from RMB3.5 in 2024. Bulk sales to power plants which were sold at a relatively competitive price, had a dilutive effect on the weighted average gas selling price in

2024. Excluding such bulk sales, the weighted average gas selling price per m^3 for commercial customers in Sanya City remained constant at approximately RMB4.1 in 2025 on a comparable basis.

Pipeline installation and connection

Sanya City, Hainan Province

Pipeline connection by number of customers	Three-month periods ended December 31, 2025	2024	Change	%	For the years ended December 31, 2025	2024	Change	%
Customers newly connected								
Residential customers	**5,667**	**12,231**	(6,564)	-54%	**22,686**	**25,526**	(2,840)	-11%
Commercial customers	**32**	**53**	(21)	-40%	**100**	**154**	(54)	-35%
Total customers connected								
Residential customers	**439,972**	**417,286**	22,686	5%	**439,972**	**417,286**	22,686	5%
Commercial customers	**1,880**	**1,780**	100	6%	**1,880**	**1,780**	100	6%

Pipeline connection revenue (in RMB'000)	Three-month periods ended December 31, 2025	2024	Change	%	For the years ended December 31, 2025	2024	Change	%
Residential customers	32,129	61,774	(29,645)	-48%	115,296	168,742	(53,446)	-32%
Commercial customers	8,046	10,371	(2,325)	-22%	24,687	31,579	(6,892)	-22%
Total	**40,175**	**72,145**	**(31,970)**	**-44%**	**139,983**	**200,321**	**(60,338)**	**-30%**

Pipeline installation and connection revenue from residential customers for the Fourth Quarter in 2025 was RMB32.1 million, a decrease of RMB29.7 million, or 48% from RMB61.8 million for the Fourth Quarter in 2024. Pipeline installation and connection revenue from residential customers in 2025 was RMB115.3 million, a decrease of RMB53.4 million, or 32% from RMB168.7 million in 2024.

Pipeline installation and connection revenue from residential customers includes revenue from a non-recurring urban gas pipeline facility renovation project with the government, which commenced in August 2024 and was substantially completed in the first half of 2025. Approximately 81% of the revenue on this project was recognized in 2024, with a further 12% of the revenue recognized in 2025. As the project is close to completion, no revenue was recognized for the Fourth Quarter in 2025 as compared to 17% of the revenue on this project being recognized for the Fourth Quarter in 2024. Excluding the revenue of this renovation project, pipeline installation and connection revenue from residential customers for the Fourth Quarter in 2025 was RMB32.1 million, a decrease of RMB23.3 million, or 42% from RMB55.4 million for the Fourth Quarter in 2024 on a comparable basis.

Excluding the revenue of this renovation project, pipeline installation and connection revenue from residential customers in 2025 was RMB110.7 million, a decrease of RMB26.0 million, or 19% from RMB136.7 million in 2024 on a comparable basis.

The continuous unfavorable factors and sentiment in the property market in the PRC have hindered the growth of China's real estate market in recent years, which in turn affects the business growth of city natural gas operators in Sanya City. However, such adverse effect was partially offset by an increase in unit price of pipeline installation and connection for residential customers commencing from late 2024 due to auxiliary services provided.

Pipeline installation and connection revenue from commercial customers for the Fourth Quarter in 2025 was RMB8.0 million, a decrease of RMB2.3 million, or 22% from RMB10.3 million for the Fourth Quarter in 2024. Pipeline installation and connection revenue from commercial customers in 2025 was RMB24.7 million, a decrease of RMB6.9 million, or 22% from RMB31.6 million in 2024. Several large commercial customers, such as shopping malls, hotels and catering complexes were gained in 2024. No large commercial customers were gained in 2025 as business owners were more prudent in investing in new businesses under the current challenging economic environment, resulting in a decrease in commercial revenue for both periods in 2025.

There were 5,667 new residential customers and 32 new commercial customers for the Fourth Quarter in 2025 as compared to 12,231 new residential customers and 53 new commercial customers for the Fourth Quarter in 2024. There were 22,686 new residential customers and 100 new commercial customers in 2025 as compared to 25,526 new residential customers and 154 new commercial customers in 2024.

There were 439,972 residential customers and 1,880 commercial customers as at December 31, 2025, as compared to 417,286 residential customers and 1,780 commercial customers as at December 31, 2024.

Integrated Smart Energy

Integrated smart Energy								
Integrated Smart Energy System								
Sanya City, Hainan Province	**Three-month periods ended December 31,**				**For the years ended December 31,**			
(in RMB'000)	**2025**	**2024**	**Change**	**%**	**2025**	**2024**	**Change**	**%**
Commerical customers	8,443	7,710	733	10%	21,813	21,118	695	3%
Integrated district energy distribution								
Meishan City, Sichuan Province								
(in RMB'000)								
Commerical customers	2,764	2,436	328	13%	8,803	7,203	1,600	22%
Total	**11,207**	**10,146**	**1,061**	**10%**	**30,616**	**28,321**	**2,295**	**8%**

The integrated smart energy segment comprises the Haitang Bay Integrated Smart Energy Project (integrated smart energy system) which commenced commercial operation in September 2021 and the Meishan Project (integrated district energy distribution project) which commenced commercial operation in May 2021.

Revenue of both projects recorded a steady growth for the Fourth Quarter in 2025 and the full year of 2025 as compared to the same periods in 2024.

Smart Mobility

Smart Mobility								
EV Battery Swap Revenue	**Three-month periods ended December 31,**				**For the years ended December 31,**			
(in RMB'000)	**2025**	**2024**	**Change**	**%**	**2025**	**2024**	**Change**	**%**
Sanya and Haikou City, Hainan Province	927	1,630	(703)	-43%	4,772	6,299	(1,527)	-24%
Beihai City, Guangxi Province	1,005	1,135	(130)	-11%	4,321	5,174	(853)	-16%
Other cities	107	352	(245)	-70%	993	1,375	(382)	-28%
Total	**2,039**	**3,117**	**(1,078)**	-35%	**10,086**	**12,848**	**(2,762)**	-21%

The smart mobility segment comprises the EV battery swap business and EV trading business. Revenue from EV stations in Sanya City was RMB4.8 million in 2025, a decrease of RMB1.5 million, or 24% from RMB6.3 million in 2024. The decrease was attributed to a switch of travel habits by tourists from taking a taxi to renting a car when traveling in Sanya City.

Foreign exchange rates

CF Energy reports its financial results in RMB, its functional currency as it earns all its revenues and incurs most of its expenses in RMB. As the Company is listed on TSX-V, certain financial information and/or comparative analysis are also presented in CAD, and fluctuations in the exchange rates between RMB and CAD should also be considered.

The exchange rate between the RMB and the CAD is summarized below.

One Chinese RMB to Canadian dollars	2025	2024	% change
Spot rate at the end of the year	0.1960	0.1971	-0.6%
Average rate for the year	0.1944	0.1903	2.2%

Gross margin

Gross profit from continuing operations for the Fourth Quarter in 2025 was RMB34.8 million, a decrease of RMB18.2 million, or 34%, from RMB53.0 million for the Fourth Quarter in 2024. Gross profit margin for the Fourth Quarter in 2025 was 29.0%, a decrease of 7.9 percentage points as compared to 36.9% for the Fourth Quarter in 2024. Gross profit from continuing operations in 2025 was RMB112.3 million, a decrease of RMB22.3 million, or 17%, from RMB134.6 million in 2024. Gross profit margin in 2025 was 27.3%, an increase of 1.4 percentage points as compared to 25.9% in 2024.

Bulk sales of pipeline gas to power plants in 2024 were sold at relatively competitive prices with very low gross profit margin as compared to other commercial customers. The urban gas pipeline facility renovation project in 2024 has a relatively low gross profit margin as compared to other residential customers. Both factors had a dilutive effect on the overall gross profit margin in 2024.

Excluding gross profit of bulk sales and urban gas pipeline facility renovation project as referred to above, the adjusted gross profit margin from continuing operations for the Fourth Quarter in 2025 remained at 29.0% in 2025, a 10.3 percentage points decrease from the adjusted gross profit margin of 39.3% for the Fourth Quarter in 2024 on a comparable basis. The adjusted gross profit margin from continuing operations was 27.7% in 2025, a 2.7 percentage points decrease from the adjusted gross profit margin of 30.4% in 2024 on a comparable basis.

The decrease in gross profit margin for the Fourth Quarter in 2025 as compared to the same period in 2024 was mainly attributable to the following factors:

Unfavourable factors include the increase in the purchase price of pipeline gas resulting from the renewal of the three-year gas purchase contracts with China National Offshore Oil Corporation which became effective from April 1, 2023. The unit cost of pipeline gas has a 4.1% increase for the Fourth Quarter in 2025 as compared to the same period in 2024.

The drop in profit margin of gas supply was attributable to the increasing composition of gas volume from residential customers. Gas volume from residential customers increased from 37.9% of total gas volume for the Fourth Quarter in 2024 to 45.0% of total gas volume for the Fourth Quarter in 2025. Revenue from residential customers has a relatively lower margin than commercial customers, whereas the corresponding cost is the same.

The benefit of reducing costs due to the centralization of procurement of materials for pipeline installation connection projects commencing from the Third Quarter in 2025 was not able to offset the overall increase in material cost in the Fourth Quarter and the increase in labour cost in late December 2025.

Favourable factors include the negative margin of the Integrated Smart Energy segment were marginally narrowed for the Fourth Quarter in 2025 as compared to the corresponding period in 2024 as the number of users and their usage continued to increase during the period.

Commencing in late 2024, the unit selling price of new residential pipeline installation connection projects increased due to the provision of auxiliary services at a low cost which slightly boosted the profit margin of pipeline installation connection sub-segment in 2025.

Operating expenses

Selling and marketing expenses of continuing operations for the Fourth Quarter in 2025 were RMB8.5 million, a decrease of RMB2.2 million, or 21% from RMB10.7 million for the Fourth Quarter in 2024. Selling and marketing expenses as a percentage of sales for the Fourth Quarter in 2025 were 7.1%, a decrease of 0.4 percentage points as compared to 7.5% for the Fourth Quarter in 2024.

Selling and marketing expenses of continuing operations in 2025 were RMB31.9 million, a decrease of RMB8.0 million, or 20% from RMB39.9 million in 2024. Selling and marketing expenses as a percentage of sales were 7.7% for both 2025 and 2024.

The decrease in selling and marketing expenses in 2025 was mainly attributable to the one-off increase in meeting and travelling expenses incurred for the Sanya Haitang Bay Zero Carbon Demonstration Forum in the second Quarter of 2024. To promote the development of sports in Sanya City and continue the enthusiasm of the Paris Olympics, CF Energy hosted a provincial table tennis championship with the support of the Sanya government in September 2024 as part of its ESG contribution to the community. No such event was held in 2025.

Effective cost control on selling and marketing activities also contributed part of the reason for the reduction in selling and marketing expenses during both periods.

General and administrative expenses of continuing operations for the Fourth Quarter in 2025 were RMB11.8 million, a decrease of RMB2.1 million, or 15% from RMB13.9 million for the Fourth Quarter in 2024. General and administrative expenses as a percentage of sales for the Fourth Quarter in 2025 was approximately 9.8% for both periods.

General and administrative expenses of continuing operations in 2025 were RMB43.7 million, a decrease of RMB2.5 million, or 5% from RMB46.2 million in 2024. General and administrative expenses as a percentage of sales in 2025 was 10.6%, an increase of 1.7 percentage points as compared to 8.9% in 2024.

The decrease in general and administrative expenses for the Fourth Quarter in 2025 and the full year of 2025 was mainly attributed to the decrease in audit fee for the 2025 annual audit for the Group and a decrease in legal expenses incurred as fewer legal matters arose during the year.

Research and development expenses of continuing operations for 2025 amounted to RMB1.4 million was incurred to improve heat exchange and cooling technology for centralized cooling systems for the Haitang Bay Integrated Smart Energy Project, aiming to reduce costs and energy consumption in the project.

Finance Costs

Finance costs for the Fourth Quarter in 2025 were RMB3.5 million, a decrease of RMB2.4 million, or 41% from RMB5.9 million for the Fourth Quarter in 2024. Finance costs in 2025 were RMB18.3 million, a decrease of RMB1.0 million, or 5% from RMB19.3 million in 2024.

Finance costs reflected interests on lease liabilities, short-term bank borrowings, long-term bank financing and other borrowings for financing of the Group's projects under development, net of RMB1.4 million capitalized on projects under development in 2025.

Share of results of associates

Share of profit of associates was RMB2.5 million for the Fourth Quarter in 2025 as compared to RMB3.7 million for the Fourth Quarter in 2024. Share of profit of associates was RMB12.6 million in 2025 as compared to RMB13.9 million in 2024.

The share of results of associates mainly represents the share of profit of the Group's 40% held associate company, Pingxiang Xinao Changfeng Gas Co., Ltd. ("Pingxiang Xinao CF"). Pingxiang Xinao CF benefited from the successful connection of gas pipeline to reduce its reliance on LNG, resulting in a net profit situation since the Fourth Quarter of 2023.

A dividend of RMB10.4 million was received from Pingxiang Xinao CF in 2025, and reduced the Group's carrying value of investment in Pingxiang Xinao CF for the same amount in 2025.

EBITDA from continuing operations

EBITDA from continuing operations (non-GAAP measure as identified and defined under section "Non-GAAP Measures") for the Fourth Quarter in 2025 was RMB26.6 million, a decrease of RMB13.7 million, or 34% as compared to RMB40.3 million for the Fourth Quarter in 2024. EBITDA from continuing operations in 2025 was RMB92.8 million, a decrease of RMB11.1 million, or 11% as compared to RMB103.9 million in 2024.

EBITDA from continuing operations for the Fourth Quarter in 2025 and the full year of 2025 included a non-recurring government financial assistance of RMB0.6 million and RMB0.8 million respectively.

The adjusted EBITDA from continuing operations for the Fourth Quarter in 2025 was RMB26.0 million and RMB92.0 million for 2025 respectively.

Profit from continuing operations

As a result of the combined factors referred to above, the Group generated a net profit from continuing operations of RMB8.2 million for the Fourth Quarter in 2025, a decrease of RMB2.9 million from a net profit of RMB11.1 million for the Fourth Quarter in 2024. Net profit from continuing operations was RMB14.6 million in 2025, a decrease of RMB2.3 million from a net profit of RMB16.9 million in 2024.

Adjusted net profit for the period/year from continuing operations (non-GAAP)

In RMB thousands	Three-month periods ended December 31,				For the years ended December 31,			
(except for % figures)	2025	2024	Change	%	2025	2024	Change	%
Continuing operations								
Net profit for the period/year from continuing operations	8,190	11,106	(2,916)	-26%	14,605	16,943	(2,338)	-14%
Non-recurring items								
Government financial assistance	(608)	-	(608)	100%	(840)	-	(840)	100%
Adjusted net profit for the period/year from continuing operations (non-GAAP)	**7,582**	**11,106**	**(3,524)**	**-32%**	**13,765**	**16,943**	**(3,178)**	**-19%**

All non-GAAP measures have been identified. On a comparable basis (please refer to the section headed "EBITDA from continuing operations" above for more details), the adjusted net profit of the Group was RMB7.6 million for the Fourth Quarter in 2025, a decrease of RMB3.5 million from a net profit of RMB11.1 million for the Fourth Quarter in 2024. The adjusted net profit of the Group was RMB13.8 million in 2025, a decrease of RMB3.1 million from a net profit of RMB16.9 million in 2024.

Earnings per share and adjusted earnings per share (non-GAAP) from continuing operations attributable to owners of the Company

Earnings per share from continuing operations was RMB0.15 (CAD0.03) (basic and diluted) for the Fourth Quarter in 2025 as compared to RMB0.19 (CAD0.04) (basic and diluted) for the Fourth Quarter in 2024.

Earnings per share from continuing operations was RMB0.31 (CAD0.06) (basic and diluted) in 2025 as compared to earnings per share of RMB0.37 (CAD0.07) (basic and diluted) in 2024.

Loss from discontinued operations

Discontinued operations related to the termination of refueling stations in Changsha City, Hunan Province and Sanya City, Hainan Province, as part of the Group's policy to realign its future business strategies with major focus on clean energy solutions with high growth potential and suspension of operation by the order of the local government respectively.

Loss from discontinued operations was RMB0.3 million for the Fourth Quarter in 2025 as compared to a loss of RMB0.5 million for the Fourth Quarter in 2024. Loss from discontinued operations was RMB0.7 million in 2025 as compared to a loss of RMB0.8 million in 2024.

Sichuan Xiangshu Petrochemical Co., Ltd, a 23.2% interest held associate company by the discontinued operation, was dissolved on 14 February 2026. An impairment loss on the investment of RMB70,000 was recognized in 2025.

Selected quarterly results

The following set out the Company's unaudited consolidated quarterly results for the most recent eight quarters:

In thousands of RMB, except per share amounts

Quarterly data (RMB '000)	2025								2023	
except per share amounts	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	119,901	88,559	98,441	105,017	143,588	126,949	100,411	149,027	108,750	122,097
Gross profit	34,773	27,449	25,630	24,515	53,043	33,282	15,603	32,693	27,120	30,500
Profit (loss) for the period from continuing operations	8,190	3,814	1,008	1,593	11,106	4,304	(8,392)	9,925	(25,314)	7,636
Profit (loss) for the period attributed to owners of the Company from continuing operations	9,785	4,755	2,720	3,393	12,615	6,572	(5,997)	11,557	(23,941)	11,995
EPS (loss per share) of continuing and discontinued operations										
- basic (RMB)	0.15	0.07	0.04	0.05	0.19	0.10	(0.09)	0.17	(0.51)	0.16
- diluted (RMB)	0.15	0.07	0.04	0.05	0.19	0.10	(0.09)	0.17	(0.51)	0.16
EPS (loss per share) from continuing operations										
- basic (RMB)	0.15	0.07	0.04	0.05	0.19	0.10	(0.09)	0.17	(0.36)	0.18
- diluted (RMB)	0.15	0.07	0.04	0.05	0.19	0.10	(0.09)	0.17	(0.36)	0.18

Selected Financial Data

(RMB000's)	December 31, 2025	December 31, 2024
Bank balances and cash, fixed term bank deposits	50,732	111,695
Net current liabilities	(279,563)	(239,801)
Adjusted working capital (note1)	(115,854)	(76,390)
Property and equipment	883,590	885,977
Right-of-use of assets	101,368	101,281
Total assets	1,273,355	1,342,861
Non-current liabilities	376,616	427,245
Total equity	423,530	415,970

note 1: This financial measure is identified and defined under the section "Non-GAAP Financial Measures"

Bank balance and cash and fixed-term bank deposits decreased by RMB61.0 million from RMB111.7 million as at December 31, 2024 to RMB50.7 million as at December 31, 2025. The overall decrease primarily resulted

from the net effect of the cash inflow from operating activities of RMB37.7 million, a dividend from an associate company, Pingxiang Xinao CF, of RMB10.4 million, cash used for the acquisition of property and equipment, pipeline for relocation projects, intangible assets and land use rights of RMB53.0 million and net repayment of short-term borrowings and long-term debt of RMB53.5 million in 2025.

Adjusted Working Capital

The adjusted working capital (see "Non-GAAP Financial Measures") was negative RMB115.8 million as at December 31, 2025 as compared to the negative adjusted working capital of RMB76.4 million as at December 31, 2024. Adjusted working capital excludes the receipt in advance from customers before the commencement of pipeline installation and connection construction and natural gas sales of RMB70.7 million and short-term bank borrowings totalling RMB93.0 million.

Liquidity and Capital Resources

The Group's principal sources of short-term funding are existing bank and cash balances, operating cash flows and borrowings under its lines of credit and long-term funding such as bank term loan facilities and other borrowings provided to the Group.

The Company's principal sources of liquidity are cash provided from operation, including advance payments from residential and commercial and industrial customers related to construction contracts for gas connection included in contract liabilities, refund liabilities and access to credit facilities and capital resources.

The Company's primary short-term cash requirement is to fund working capital and repay the remainder of its outstanding withdrawals on its lines of credit as they fall due.

The Company's medium and long-term cash goals are to fund the construction of its pipeline networks and gas distribution facilities and projects under development, to acquire capital and intangible assets for its growth initiatives in China and to repay its long-term loan facilities from banks.

In the short term, management does not expect to face any liquidity problems considering its current bank and cash position, available undrawn bank facilities as at December 31, 2025 and continue to generate cash flows from operations in the short and long term. During the year and as at December 31, 2025, the Group was in compliance with all of its debt covenants.

In RMB thousands (except for % figures)	**December 31, 2025**	**December 31, 2024**
Short-term bank borrowings	93,000	100,000
Current portion of long-term debts	86,787	86,080
Long-term debts	309,899	357,134
Lease liabilities	965	1,681
Other borrowings	6,403	8,650
Total debts	497,054	553,545
Less: Bank balances and cash and fixed term bank deposits	50,732	111,695
	446,322	441,850
Total equity	423,530	415,970
Gearing ratio (non-GAAP)	**105.4%**	**106.2%**

The net gearing ratio is a non-GAAP measure which is calculated by dividing interest-bearing borrowings, other borrowings and lease liabilities, less bank balances and cash and fixed term deposits, by total equity. The Group's net gearing ratio was approximately 105.4% as at December 31, 2025.

In the management of liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group has considered its future performance and cash flow projection through monitoring the utilisation of bank borrowings and ensuring its ability to renew or refinance the banking facilities upon maturity, to meet its financial obligations, including the capital commitments.

Capital Commitments

As at December 31, 2025, capital expenditure in respect of the acquisition of property and equipment and the construction of pipelines under development contracted for but not provided in the audited consolidated financial statements amounted to RMB85.7 million, an increase of RMB25.5 million as compared to RMB60.2 million as at December 31, 2024. The net increase in capital commitment was attributed to the offsetting effect on the completion of the office building in Sanya City, Hainan Province and the commencement of pipeline construction in Jiangmen City, Guangdong Province. Capital commitments as at December 31, 2025 also included a remaining initial investment of RMB0.8 million for the 2.0% equity interests in Hainan Shanglian Investment Co., Ltd. Capital commitments are to be financed by existing bank and cash balances, operating cash flows and borrowings under its lines of credit and long-term funding such as bank-term loan facilities and other borrowings provided to the Group.

Share Capital

As at December 31, 2025 and December 31, 2024, the Company has 65,885,155 common shares.

There was no share option granted during the three-month periods ended December 31, 2025 and 2024. The Company has no warrants outstanding as of the date of this MD&A.

On August 10, 2025 and August 18, 2025, options to subscribe for 1,550,000 and 500,000 common shares granted to employees and management at the price of CAD0.63 and CAD0.65 per common share respectively were forfeited. As at December 31, 2025, no share option was outstanding.

Non-GAAP Financial Measures

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS Accounting Standards. Therefore, these financial measures may not be comparable to similar measures presented by other companies or issuers. Investors are cautioned that these measures should not be construed as alternatives to net income or to cash provided by operating, investing, and financing activities determined in accordance with IFRS Accounting Standards, as indicators of its performance. The Group provides these measures to assist investors in determining its ability to generate income and cash provided by operating activities and to provide additional information on how these cash resources are used. These measures are listed and defined below.

EBITDA from continuing operations

EBITDA is defined herein as earnings before income tax expense, finance costs, depreciation and amortization. EBITDA does not have any standardized meaning prescribed by IFRS Accounting Standards and therefore may not conform to the definition used by other companies or issuers. A reconciliation of net profit from continuing operations to EBITDA and adjusted EBITDA are presented in the MD&A as follows:

In RMB thousands	Three-month periods ended December 31,				For the years ended December 31,			
(except for % figures)	2025	2024	Change	%	2025	2024	Change	%
Continuing operation								
Net profit for the period/year from continuing operations	8,190	11,106	(2,916)	-26%	14,605	16,943	(2,338)	-14%
Add:								
Finance costs	3,486	5,870	(2,384)	-41%	18,282	19,273	(991)	-5%
Income tax expense	2,952	12,950	(9,998)	-54%	16,167	25,463	(9,296)	-37%
Depreciation and amortization	11,933	10,362	1,571	15%	43,722	42,239	1,482	4%
EBITDA for the period/year from continuing operations (non-GAAP)	26,561	40,288	(13,727)	-34%	92,776	103,918	(11,143)	-11%
Non-recurring/non-operating items								
Government financial assistance	(608)	-	(608)	100%	(840)	-	(840)	100%
Adjusted EBITDA from continuing operations (non-GAAP)	**25,953**	**40,288**	**(14,335)**	**-36%**	**91,936**	**103,918**	**(11,983)**	**-12%**

Adjusted working capital

Adjusted working capital is calculated as current assets less adjusted current liabilities. Adjusted current liabilities is calculated as current liabilities, excluding the receipts in advance from customers from pipeline installation and connection construction before commencement and natural gas sales, included in contract liabilities which represented the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customers. Receipt in advance from customers from pipeline installation and connection will be recognized as income upon the performance obligations are fulfilled and receipt in advance from customers for natural gas sales will be recognized as income upon the consumption of natural gas. Both amounts are deferred income in nature and

non-refundable to customers, hence are excluded in the calculation of adjusted current liabilities. Adjusted current liabilities also excluded the short-term bank loan as lines of credit in the PRC are typically renewable when due.

The Group believes that the working capital as a supplemental measure, as adjusted based on the above parameters, provides a more appropriate indication of the Group's ability to settle its debt obligations as they fall due.

The calculation of adjusted working capital is provided in the table below.

In RMB thousands			
As at	**Note**	**December 31, 2025**	**December 31, 2024**
Current assets		193,646	259,845
Less: Current liabilities		(473,209)	(499,646)
Net current liabilities		**(279,563)**	**(239,801)**
Add: Receipts in advance from customers	1	70,709	63,411
Add: Short-term bank borrowings		93,000	100,000
Adjusted working capital		(115,854)	(76,390)

Note 1: Receipts in advance from customers in respect of pipeline installation and connection projects prior to commencement and natural gas sales are included in contract liabilities.

As at December 31, 2025, the Group's current liabilities exceeded its current assets by RMB279.6 million, an increase of RMB39.8 million in net current liabilities as compared to RMB239.8 million as at December 31, 2024. The increase in net current liabilities was mainly attributable to decreases of RMB60.9 million in bank balances and cash and RMB26.7 million in trade and other payables.

In view of these circumstances, the management of the Group has given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Management is satisfied that the Group will have sufficient financial resources to meet its financial obligations, including capital commitments. Taking into account the Group's cash flow projections, including the term facility, the Group's ability to renew or refinance the banking facilities upon maturity and the Group's future capital expenditure in respect of its non-cancellable capital commitments, management considers that it has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the audited consolidated financial statements have been prepared on a going concern basis.

Related Party Transactions

During the period, the Group entered into the following transactions with related parties:

Transactions

Name of related party	Relationship party	Nature of transactions	2025 RMB'000	2024 RMB'000
Ann Lin	Chief Executive	Rental expenses	-	230
Pingxiang Xiao CF	Associate	Purchase of gas appliances	-	33

The following balances were outstanding from related party at the end of the reporting period:

Balances

Name of related party	Relationship	Terms	Sept 30, 2025 RMB'000	Dec 31, 2024 RMB'000
Pingxiang Xiao CF	Associate	Non-trade, unsecured and non-interest bearing (note 2)	11,000	11,000
Sichuan Xiangshu Petrochemical Co., Ltd.	Associate	Non-trade, unsecured and non-interest bearing	320	320
			11,320	11,320
A director	Director	Unsecured and non-interest bearing (note 3)	63	(37)

Note 1: Dividend of RMB10,427,000 for 2024 was received from Pingxiang Xinao CF for the year ended December 31, 2025.

Note 2: The balance represented a loan of RMB11.0 million to Pingxiang Xinao CF. As at December 31, 2025 and December 31, 2024, the outstanding balance is not expected to be repaid within 12 months and therefore the amount is classified as non-current asset.

Note 3: The balance represents staff advances for business purposes which were subsequently reimbursed in the first quarter of 2026.

Derivative Financial Instrument

In 2007, Mr. Lin, advanced loans in the aggregate amount of RMB40.0 million to the Group pursuant to a subordination and forbearance agreement dated April 27, 2007 (the "Subordination and Forbearance Agreement"). On May 25, 2017, the Group entered into a loan discharge agreement with Mr. Lin ("Loan Discharge Agreement") to repay an aggregate amount of RMB36.0 million and the Group's obligation stated in the Subordination and Forbearance Agreement, has been fully discharged. Accordingly, the remaining RMB4.0 million was recognized as shareholder's contribution.

In addition, the Loan Discharge Agreement provided that if the Initial Public Offering ("IPO") was not completed by September 28, 2019, the Group shall have the right for a period of 90 days following September 28, 2019 to require Mr. Lin, directly or indirectly, to subscribe for common shares of the Company on the TSX Venture Exchange, in the amount of RMB36.0 million or its CAD equivalent (the “Investment”). The subscription price for such common shares shall was the volume-weighted average price of the common shares of the Company in the period of 30 calendar days preceding September 28, 2019 on the TSX Venture Exchange.

The IPO was not completed by September 28, 2019. On July 26, 2019, the Company announced that the Board determined to exercise the Company's option pursuant to the Loan Discharge Agreement to require the estate of Mr. Lin (the "Estate") to subscribe for an aggregate amount of CAD6.862 million (approximately RMB36.0 million) in common shares of the Company at a price of CAD0.68 per common share. Following the subscription,

based on the prevailing exchange rate of September 28, 2019, the number of shares to be issued is 10,090,568. The management of the Company considered that the share subscription is a forward contract.

On September 21, 2021, the Company together with CF China filed a contract dispute case (the "Claim") against the Estate in the Sanya Intermediate People's Court, Sanya City, Hainan Province, China (the "Sanya Court") to enforce the execution of the Loan Discharge Agreement and the Investment. The Sanya Court declined to take jurisdiction over the dispute. The Company appealed from that decision to the Hainan Provincial High People's Court, which dismissed the Company's appeal on September 5, 2022. The Company applied for a retrial on the basis of new evidence, and this application was rejected on February 24, 2023. On October 30, 2023, the Company filed the Claim in the Sanya Suburban People's Court, Sanya City. The Claim was dismissed by the Sanya Suburban People's Court on December 7, 2023.

A beneficiary of the Estate (Mingfei He) applied to the court in China for distribution of certain funds from the Estate. The court approved the distribution of funds to Mingfei He and other beneficiaries. The Company is exploring its options, if any, to compel the return of all funds distributed to the beneficiaries of the Estate so that the Estate can comply with the Loan Discharge Agreement. If no reasonable options are available to the Company, the Company will cease to pursue enforcement of the Loan Discharge Agreement.

Notices were sent to the four beneficiaries of the Estate to notify them that the Company previously exercised its option pursuant to the Loan Discharge Agreement and that the Company expected the beneficiaries of the Estate to cause the Estate to comply. Not all beneficiaries of the Estate (the "Dissentient Beneficiaries"), however, have agreed to honor the Investment. The Company has taken into further consideration of the above events in the estimate of fair value of the derivative assets, and considered that these events have undermined the availability of the funds within the Estate, which cast significant doubt as to the fulfillment of the obligations by the Dissentient Beneficiaries under the Loan Discharge Agreement to honour the forward contract. Accordingly, the valuation of the derivative assets as of December 31, 2023 has been determined based on the probability of collection of the funds to honor the Investment which is estimated to be low, and the amount has been fully written down.

In 2024, the counsel representing a shareholder of the Company (the "Petitioning Shareholder") commenced a petition to the Supreme Court of British Columbia (the "Supreme Court") (the "Petition") for leave to prosecute the claim under the Loan Discharge Agreement in the Ontario Superior Court of Justice in the name and on behalf of the Company against the Estate. Having sought advice from its legal counsel, the Company considered it appropriate to oppose against the petition and the petition is now pending hearing by the Supreme Court.

In March 2026, the Petition was heard and the Supreme Court allowed the Petitioning Shareholder to proceed with the claim on behalf of the Company. The special committee of the independent Directors is actively reviewing its legal options with its legal counsel. For the avoidance of doubt, the Company would like to emphasis and wishes its shareholders to note that, while reviewing the Petition and in arriving at its decision, the Supreme Court did not identify or make findings of any wrongdoings against the Company or its Board of Directors.

Risks and Uncertainties

The Company is exposed to a variety of risks in the normal course of operations that could significantly affect its operating cash flows and profitability of operations and could cause its actual results to differ in material respects from its anticipated results. These risks may include but are not limited to, those listed below. The Company seeks to manage the risks associated with its business operations; however, many of the factors affecting these risks are beyond the Company's control. The future effect of these risks and uncertainties cannot be quantified or predicted.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Any future change in laws, regulations, governmental policies or initiatives could materially and adversely affect our business, financial condition and results of operations

All of our business operations are located in the PRC. As such, our financial position, profitability and prospects are prone to economic, political and legal developments in the PRC. Any adverse changes, variations or adjustments could materially affect the business of our Group.

Despite the growth of the Chinese economy in the past several decades, China is still considered as a developing economy. The structure, level of government involvement, level of development, foreign exchange control, capital investment control, growth rate and allocation of resources continue to be the key factors of separation from the developed countries. The PRC government implemented various measures to support local companies, strengthen economic development and guide the allocation of resources. In the recent China's Two Sessions, while some of these measures may be beneficial to the PRC economy as a whole, it may have a negative impact on our Group. For example, we may be affected by changes in tax regulations and control over capital investments. In addition, as China is becoming progressively integrated with the global economy, major events such as economic recessions will adversely affect the economic conditions in the PRC. Such adverse conditions may, in turn, affect market demand for our services and our competitive position.

As a natural gas distributor in the PRC, we operate under the supervision of a number of national government ministries and departments, including the Ministry of Commerce, the Ministry of Labor and Social Security and the Ministry of Housing and Urban-Rural Development, as well as local provincial or city authorities where our Group's projects are located. Our Group is also obligated to comply with the relevant requirements of certain regulations, such as the Regulation on the Administration of Urban Gas and Regulations on the Safety Supervision of Special Equipment. Provision of natural gas is granted by the local government through the awarding of exclusive concession rights, pursuant to the policies of promoting environmental protection and encouraging the use of natural gas as a cleaner energy source. We cannot assure you that the above regulatory regime and policies (including the granting of exclusive concession rights) will not be amended. Any unfavorable amendments could materially and adversely affect our business operations and our financial condition.

Fluctuations in the value of the Renminbi may have a material and adverse impact on your investment

Most of our revenues and expenses were denominated in RMB, while dividends, if any, will be distributed in Canadian dollars. Any significant revaluation or devaluation of the RMB may materially and adversely affect our cash flows and financial position. The fluctuation in the value of RMB against other foreign currencies is affected by China's political and economic conditions and China's foreign exchange regime and policy.

The PRC government has adopted a managed floating exchange rate system in July 2005 to allow the value of the Renminbi to fluctuate within a regulated range based on market supply and by reference to a basket of currencies. Since the adoption of this policy, the PRC government has made, and in the future may make, further adjustments to the exchange rate system. Under significant international pressure, the PRC government may proceed further with the reform of the Renminbi exchange rate system and enhance the flexibility of the Renminbi exchange rate.

We cannot predict how the exchange rate of RMB against other currencies will fluctuate in the future. Any appreciation or depreciation of the RMB against Canadian dollars may have an impact on the value and any dividends payable.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares

The RMB is not a freely convertible currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the existing PRC foreign exchange regulations, payment of current account items, including the payment of dividends, do not require prior approval from the State Administration of Foreign Exchange, subject to compliance with certain procedural requirements. However, approval from appropriate government authorities is required when Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as repayment of loans denominated in foreign currency.

The restrictions on foreign exchange transactions under capital accounts could also affect our subsidiaries' ability to obtain foreign exchange through debt and equity financing, including by means of loans and capital contributions from us. The PRC government may in the future and at its discretion restrict access to foreign currencies for current account transactions. However, there is no assurance that these foreign exchange policies regarding the payment of dividends in foreign currencies will continue to come into effect in the future.

RISKS RELATING TO BUSINESS AND OPERATIONS OF OUR GROUP

We are affected by risks arising from the PRC government's price control regime for natural gas

The Group's natural gas business is a price-regulated industry in China, where its business and operations are susceptible to risks associated with government pricing policy and regulation changes. The Group needs to enter into discussions and negotiations with local governments, including the Sanya City Development and Reform Commission ("SYDRC") on pricing from time to time.

In July 2020, the SYDRC laid down the City's natural gas utility pricing adjustment formula which became the guideline for the Group to follow on its gas selling prices starting from August 1, 2020 (the "New Gas Selling Price"). SYDRC is the government natural gas price regulating body in Sanya City, and this pricing adjustment formula (the "Pricing Formula") is part of the pricing control strategy of China's National Development and Reform Commission for the whole of China. The Development and Reform Commissions at the local level have gradually introduced specific regulations in line with such guiding principles.

Effective August 1, 2020, the Group's New Gas Selling Price commenced being regulated by the Pricing Formula based on the gas purchase price (the "Gas Purchasing Price") plus gas distribution cost (the "Gas Distribution Cost"). The New Gas Selling Price are applicable to both residential and commercial customers. The New Gas Selling Price are to be reviewed and adjusted periodically based on changes to the Gas Purchasing Price and the Gas Distribution Cost. Since then, adjustments to the New Gas Selling Price with reference to the Pricing Formula have also taken place.

As the Price Formula uses historical Gas Purchasing Price and Gas Distribution Cost to determine the future selling price, and the actual New Gas Purchase Price and Gas Distribution Cost will vary, going forward, such impact on the Group's future operating results could not be readily quantified.

PNG sales segment and service pipeline installation and connection segment are operated pursuant to concession rights granted by the local governments and early termination of our concession rights or failure to renew or secure new concession rights will materially affect our operation

For the year ended December 31, 2025, revenue from gas sales and pipeline installation and connection accounted for over 90% of our total revenue. Such businesses are operated under the concession rights granted by the relevant local governments with a fixed term and area of operation. Currently, our Group has obtained three concession rights, including a 30-year exclusive concession right (2007 to 2037) in Sanya City obtained by CF China, a 30-year operation right (2010 to 2040) in the administrative region of Xiangdong District, including the Pingxiang Industrial Ceramic Production Park obtained by one of our associates, Pingxiang CF and a 30-year concession right (2017 to 2047) to build, own and operate four energy processing stations in Haitang Bay obtained by EDF CF. Under the relevant concession agreements, we are required to comply with continuing obligations during the concession period. If the grantor of the concession right is satisfied with our compliance with the continuing obligations during the concession period, it may, one year prior to the expiration of the concession right, negotiate with us on the extension of the concession period or grant us a preferential right for the renewal of the concession agreement. On the other hand, any failure to meet such obligations may lead to early termination of the concession rights.

In addition, the concession rights may be terminated before the expiration date under various circumstances which include: (i) the occurrence of force majeure events; (ii) by mutual agreement between the signing parties; (iii) cancellation of the concession rights; and (iv) the occurrence of any serious incidents caused by our default which materially affected public welfare and safety.

There is no guarantee that our concession rights will not be terminated before the contracted expiration date nor that we could ascertain the renewal of such concession rights to be granted upon their expiration. Upon the expiration of the concession rights or early termination of any of the concession rights, if we are unable to negotiate for renewal or obtain concession rights in other new operating areas, our business, operations and financial results will be materially and adversely affected and, in the worst situation, the sustainability of our operation may not be assured.

We are exposed to risks relating to our business relationship with our major supplier, China National Offshore Oil Corporation ("CNOOC")

In June 2019, the Group entered into a purchase contract with CNOOC for the supply of PNG from the new gas field "Eastern 13-2" of CNOOC. Several purchase contracts were signed to stipulate the price and the amount of PNG committed and made available to the Group since 2019. A three-year purchase contract with CNOOC from 2023 to 2026 was ended on March 31, 2026. A temporary agreement was made in April 2026 to stipulate the price of PNG remained the same as last contract for one month. A new contract is expected to be signed in May 2026. The PNG constitutes the major raw material for our business. CNOOC is currently our single PNG supplier and any instability in, shortages of supply of PNG to us from CNOOC could significantly and adversely affect our business operations and financial results.

Any dispute between us and CNOOC or any material disagreements in the interpretation of any of the terms under the purchase contract, or if we fail to comply with the terms under the purchase contract in a timely manner, our relationship with CNOOC may be adversely affected, which in turn, would result in disruption or insufficient supply of natural gas to our customers and consequently, loss of business opportunities. In any case, if CNOOC decides to terminate the purchase contract, or we fail to renew or secure a new purchase contract upon expiry of the existing purchase contract under similar or more commercially favorable terms, we may be

faced with a shortage of natural gas or higher purchase cost as more expensive LNG may have to be sourced to supplement the shortage of PNG supply, our business operation and financial conditions may be adversely affected.

We require various licenses and permits to commence, operate and expand our operations. Any failure to obtain or renew any or all of these licenses and permits or any enforcement action taken against us for non-compliance may materially and adversely affect our business and expansion plans

In accordance with the applicable PRC laws and regulations, our business operations required us to obtain prerequisite local government approval and granting of licenses and permit from relevant government authorities. As our operation required licenses and permits granted by the local government authorities, we are subject to their annual inspections for compliance issues. Failure to pass these inspections or any breach in compliance could result in the temporary suspension or revocation of our licenses and permits which could significantly disrupt our operation and may materially and adversely affect our business and financial condition.

Our business is subject to seasonality

As a substantial portion of our revenue is derived from Sanya City, our business is subjected to seasonality. Sanya City, being a famous tropical tourist city, attracts more tourists between November and February than the rest of the year. A large amount of the total sales volume of our natural gas occurred in the first and fourth quarter of a year. During this peak season, the increase in the number of seasonal residents will cause a higher demand for the usage of natural gas for cooking and heating purposes, and in any case, if we are unable to source sufficient natural gas from our suppliers, a shortage of gas supply may be resulted.

Our business relies on the continuous normal functioning of our gas transmission and any unexpected breakdown or malfunction of our gas pipeline networks or gas leakage would materially affect our business operation

Our gas distribution business requires normal functioning of the pipeline networks in order to sell and transmit natural gas to our customers. The functioning of pipeline networks can be affected by factors such as natural disasters and damage inflicted by an independent third party. Any unexpected malfunctioning or leakage of the pipeline network would require us to perform restoration or replacement works which might take time, and we may have to temporarily shut down our gas supply to our affected customers due to safety issues. As a result, our business operation and financial condition may be adversely affected.

We may not have adequate insurance to cover all hazards common to the natural gas industry to which our operations are subjected to

Due to the flammable and explosive nature of natural gas, we are exposed to various risks and hazards, including equipment failures, industrial accidents, environmental hazards and natural disasters, etc. These inherent risks and hazards, if not managed or mitigated with due care, could adversely affect our business operation, financial condition and reputation. Such hazards may lead to (i) suspension or disruption in our operations; (ii) contamination to the surrounding environment; (iii) personal injuries or death; and (iv) severe damage to property, plant and equipment. We may also be accountable for civil liabilities or fines or criminal charges as a result of third parties injuries.

We have obtained various insurance policies to cover certain risks associated with our business. We can neither guarantee nor assure of the adequacy of our insurance policies coverage to ensure us fully against all risks and losses that may arise. Furthermore, our insurance policies are subjected to regular review by our insurers. If we fail to renew our insurance policies on similar or acceptable terms, and if, in the case of material loss that exceeded the limits or coverage of our insurance policies, our business operations and financial condition may be materially and adversely affected.

We engage third parties to undertake our service pipeline installation and connection work and construction of pipeline networks and any defects on works carried out by such third parties may materially affect our business

We typically engage third-party contractors to perform our pipeline installation and connection works and construction of pipeline networks. We cannot guarantee the work carried out by third parties will not contain any defects as we have limited control over their operations. We also cannot assure you that we will be able to continually engage third-party contractors under commercially acceptable terms. Any loss of their services or increase costs of their engagement, or failure to find a suitable replacement in a timely manner, will materially disrupt our business operations and adversely affect our financial condition.

Our future plans are subject to uncertainties and risks and could result in fluctuations in our financial performance

Our growth is closely associated with the successful implementation of our future plans. There is no guarantee that we can efficiently and accurately implement our future plans as we may encounter unexpected obstacles and unforeseeable changes which could be beyond our control, such as macro-economic changes, fluctuations in market conditions, difficulties in dealing with local regulatory and governmental authorities, changes in governmental policies and initiatives and complications in negotiating with our contractual counterparts. There is also no assurance that the outcome of such future plans will be satisfactory. Such obstacles and changes may restrain us from achieving the expected results.

Our financial condition and results of operations can be affected by the occurrence of epidemics or pandemics and natural disasters as well as political instability

With COVID-19 pandemic affecting China, quarantine and travel restriction measures were implemented in China to compact the pandemic resulting in the Group experiencing a significant drop in its business across all business segments during 2020 to 2022.

As a substantial portion of our revenue is generated by our business operation in Sanya City and despite having business operations in other locations within the PRC, the geographic concentration of our business operation exposes us to natural disasters, epidemics or pandemics such as the resurgence of COVID-19 pandemic and other acts of God, which are beyond our control and could adversely affect the local economy, infrastructure and livelihood of the people in the Sanya City. Our business, operating results and financial condition may be adversely and materially affected if such natural disasters occur in Sanya City and/or in the regions in which we have operations.

Our business and financial performance may be affected if we are unable to attract or retain experienced professionals

The ability to retain or attract experienced professionals is also a crucial factor in our sustainable growth. Our continuing success is largely attributable to our experienced management team who possess rich industry experience and profound knowledge and vision. Our business, financial performance and prospects depend on our ability to recruit, train and retain qualified and registered technical personnel, including engineers and safety personnel. As our business operation requires various licenses to be obtained, we are obligated under relevant regulations to maintain a certain number of qualified personnel in order to satisfy the minimum requirement as a license holder. In any event, if we lose a number of our key management members or qualified personnel and are unable to find a suitable replacement with equivalent qualifications in a timely manner, our business operation and profitability could be adversely affected.

Our business and financial performance may be affected if by the slow economic, and more specifically the real estate recession

The real estate section in China has taken a tremendous hit in 2023, such as the real estate giant Evergrande or Country Garden etc.. China's property market slide has worsened despite government efforts to prop up the sector that was once a key driver for China's economy. This could drag on the country's broader recovery and heap pressure on other sectors including utility companies. China's real estate crash threatens commodity supplies and suppliers, as there's going to be less steel demand, less commodities being used — less natural gas, for instance. As a result, this could lead to a slower-than-expected usage growth in the future.

RISKS RELATING TO OUR INDUSTRY

Any changes in laws, regulations or government policies in relation to our industry could materially and adversely affect our business, financial condition and results of operations

Our business operations are subject to a broad range of laws and regulations in the PRC, such as environmental protection and fire control, safety and foreign investment. We may incur extra compliance costs and be required to make timely adjustments to our operations as a result of any changes in existing laws and regulations, either of which could materially and adversely affect our business operations and financial condition. We cannot predict any future changes nor can we assure you that there will be no future change in such laws and regulations. We may be adversely affected as a result of the continuing changes in the existing laws and regulations.

We compete with other alternative energy sources

Energy sources such as coal gas and electricity can be used as an alternative energy sources by the end-users. When an end-user chooses the type of energy to be used, they will consider various factors such as cost,

convenience, reliability and safety. As such, comparison with these alternative energy sources will affect the demand for natural gas. In addition, the change of government policy to other substitute energy sources will also affect the demand for natural gas. There is no guarantee that end-users will shift to use natural gas as their primary energy source. If the end-users refuse to use natural gas as their primary energy source or other alternative energy sources are seen as more cost-efficient, our operation and financial position will be adversely affected.

Technological advancement of and the increasing governmental support for the use of electric vehicles may reduce the demand for natural gas refueling services

Electricity is considered as an alternative for natural gas as vehicle fuel. With the sustained and rapid development of China's economy and the acceleration of urbanization, energy shortage and environmental pollution have become more prominent. As such, the development of new energy automobiles is crucial to alleviate energy and environmental pressure. The Government has implemented transformative strategies to upgrade the automobile industry in an attempt to strengthen energy conservation and reduce emissions. Governmental policies have encouraged and promoted the manufacture and usage of electric vehicles by placing more resources into research and development of core technologies to enhance the functionality of the electric vehicles such as higher driving range and faster recharging time as well as better designs and to increase the number of recharging stations nationally. In addition, the PRC government also promoted the usage of new energy vehicles by means of government subsidies and tax exemption on both national and provincial levels. Subsidies and tax exemptions can be enjoyed by purchasers of electric vehicles.

As a result of this directive policy the demand for natural gas vehicles and our natural gas refueling services has slow down, which has adversely affected our operating results.

Natural gas operation requires substantial initial capital investment and any significant increase in the cost of constructing or developing natural gas facilities may materially and adversely affect our planned expansion and prospects

Natural gas operators are required to make substantial initial capital investments to construct new gas pipelines and natural gas facilities. Upon the raise in its equity interest in EDF CF from 50% to 70% in 2019, the Company expects to have to inject a substantial capital investment to meet the construction funding requirements of the phase 2 of Haitang Bay Integrated Smart Energy Project, including the infrastructure of station A and C and connection pipelines of the plant.

The capital investment required to develop and construct natural gas facilities varies based on the cost of fixed assets and the cost of construction. The price of such equipment and/or construction may increase if market demand for such equipment or construction is greater than the available supply, or if the prices of key components, commodities and raw materials necessary to build such equipment increase. A significant increase in the costs of developing and constructing natural gas facilities could materially and adversely affect the business, financial condition, results of operations and cost of implementation of the planned expansion.

Increasing coverage of city natural gas may cause gas shortage

The increasing demand for natural gas will tighten the natural gas supply and may cause shortages if the large demand is not met by upstream suppliers. There is no guarantee that the upstream suppliers will be able to continually provide sufficient natural gas supply to meet with the increasing demand driven by the government policies. Our business and financial condition will be adversely affected if such gas shortage problem occurs in Sanya City or in the regions in which we have operations.

Government policy regulation in the real estate market will affect our business growth

The PRC government has issued a series of policies to control the housing price of the real estate market. Policies such as restricted loan and purchase policies may significantly hinder the growth of China's real estate market, which in turn affect the business growth of city natural gas operators. There is no guarantee that relevant policies will not be amended. Any unfavorable amendments could adversely affect our business operations and financial condition.

Government policy regulation in Pipeline Connection Related Services Charges to Customers in Sanya will affect our business growth

The Company was notified by the regulatory officials in Hainan Province that, with retroactive effective to March 1, 2021, certain service charges relating to the connection services for the distribution of natural gas to customers in Sanya will be abolished. The new rules will impact certain of the Company's pipeline connection fees and meter upgrade fees chargeable to their customers going forward as a result of this regulatory change.

The Company continues to expand its marketing and sales efforts in anticipation of high regional economic growth driven by the government's International Free Trade Zone development policy which if successful are expected to offset the anticipated revenue reduction resulting from the recent regulatory change. By growing its customer base, optimizing district gas supply and operational costs, the Company remains its focus on achieving healthy growth in Sanya's natural gas distribution business for the coming years. However, despite such counter measures are being undertaken by the Group, there is no guarantee that such measures would successfully alleviate all the impact which the new policy might bring. Furthermore, there is no guarantee that additional more stringent policy measures would not be implemented by the government in Hainan Province and if such additional policy measures were being implemented, revenue from the pipeline connection and related services business segment may be further impacted.

Business risk in EV battery swap operation

Market Demand for Battery Swap Cars

In 2025, prices for public fast-charging were between RMB 1.2 to 2/kWh (including service fees), which has narrowed the price gap as compared to battery swap services. However, with the relatively lower investment cost and high market penetration of EV charging stations, there is no guarantee that the battery swap technology will become a popular alternative to EV charging.

In addition, economic downturns may lower ride-hailing/taxi demand in tourism-dependent cities, which will negatively affect the demand for EV battery swap services, reducing station utilization and cash flow.

Risk of EV Increasing Market Competition

BAIC swap stations can only perform battery swap services for Beijing Auto EV and is not currently compatible with other EV car brands. Until there is a further collaboration between BAIC and the other EV brands, the swap station services of the Company are tied with the sales of Beijing Auto EV. In recent years, many automakers, startups, and technology companies have entered the electric vehicle market, providing fierce competition for BJEV in terms of price and technologies. As the fast-charging technology continues to evolve, people are probe to go with newer EV car models.

Decline of Electric Vehicle Usage

The Chinese government has mostly phased out state subsidies for electric vehicle sales in the year which negatively impacted the growth of the EV and swap station market in China.

Alternative Clean Energy Vehicles

Hydrogen is seen as a viable alternative to diesel and petrol vehicles and does not require investment in battery recharging or swap infrastructure. Hydrogen can be pumped like petrol and diesel using an existing network of petrol stations. Electric vehicles will not remain the only clean energy alternative for the automotive sector and may face competition from other clean energy sources. Government orders for hydrogen-powered vehicles in China have exceeded 10,000 by the end of 2025, a significant increase compared to previous years.

The preparation of audited consolidated financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates. There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the audited consolidated financial statements ended December 31, 2025.

Accounting Policies

APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Accounting Standard")

Amendments to IFRS Accounting Standard that are mandatorily effective for the current year

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Group's financial statements.

New and amendments to IFRS Accounting Standard in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Amendments to the Classification and Measurement of Financial Instruments-Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

▪ A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date

▪ Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed

▪ Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments

▪ The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

▪ Clarify the application of the 'own-use' requirements for in-scope contracts

▪ Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts

▪ Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Group does not expect that the amendments will have a material impact on its financial statements.

CF ENERGY CORP.

Report and Consolidated Financial Statements
For the years ended December 31, 2025 and 2024

CF ENERGY CORP.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CF ENERGY CORP.
(incorporated in Canada with limited liability)

Opinion

We have audited the consolidated financial statements of CF Energy Corp. (the "Company") set out on pages 6 to 98, which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income or loss, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition of pipeline installation and connection — Refer to Notes 4 and 5 to the financial statements We identified the recognition of revenue from pipeline installation and connection as a key audit matter due to its quantitative significance to the consolidated statements of profit or loss and other comprehensive income and significant estimates involved in the recognition of revenue. As disclosed in note 4 to the consolidated financial statements, revenue from pipeline installation and connection are measured based on the input method, which is to recognise revenue on the basis of the Company's efforts or inputs to the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation. The Company recognised revenue of RMB122,108,000 from pipeline installation and connection during the year ended December 31, 2025. As set out in note 4 to the consolidated financial statements, significant estimates are applied in recognising contract revenue and profit of pipeline installation and connection that are based on the input method, which is to recognise revenue on the basis of the Company's efforts or inputs to the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation. The construction costs which mainly comprise sub-contracting charges and costs of materials that are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management.	Our procedures in relation to the revenue recognition of pipeline installation and connection included: • Obtained an understanding over the Company's controls related to the recognition of pipeline installation and connection revenue; • Discussed with management with respect to the recognition basis and evaluated the appropriateness and consistency of the revenue recognition method applied; • Selected contracts with customers on a sample basis and performed the following: - Verified the contract revenue by comparing to customer agreement; - For projects completed during the year, obtained the certificate of completion, and verified that the remaining revenue has been captured; - Verified the mathematical accuracy of the percentage of completion by reference to the proportion of the contract costs incurred for the work performed to date over the estimated total contract costs; - Tested the accuracy and occurrence of costs incurred to date by comparing to supporting documents, and evaluated whether the costs were properly included in the amount of costs incurred to date; - Conducted retrospective review on the accuracy of the budget costs over the uncompleted projects as of year end date.

Other Matter

The financial statements of the Company for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on April 28, 2025.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Patrick Wong.



WWC P.C.
Certified Public Accountants

April 27, 2026

CF ENERGY CORP.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

	NOTES	2025 RMB'000	2024 RMB'000
Continuing operations			
Revenue	5	411,918	519,975
Cost of sales		(299,551)	(385,354)
Gross profit		112,367	134,621
Other income	7	3,458	4,793
Other gain and losses, net	8	(270)	1,190
Impairment losses recognised under expected credit loss model, net	10	(2,142)	(6,764)
Selling and marketing expenses		(31,854)	(39,857)
General and administrative expenses		(43,710)	(46,226)
Research and development expenses		(1,360)	-
Share of results of associates	20	12,565	13,922
Finance costs	9	(18,282)	(19,273)
Profit before tax		30,772	42,406
Income tax expense	11	(16,167)	(25,463)
Profit for the year from continuing operations		14,605	16,943
Discontinued operations			
Loss for the year from discontinued operations	12	(721)	(791)
Profit for the year	**13**	**13,884**	**16,152**
Other comprehensive expense			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income	21	(6,278)	(55)
Income tax relating to item that will not be reclassified to profit or loss		(46)	-
Other comprehensive expense for the year, net of income tax		(6,324)	(55)
Total comprehensive income for the year		7,560	16,097

The accompanying notes are an integral part of the consolidated financial statements.

CF ENERGY CORP.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	NOTES	2025 RMB'000	2024 RMB'000
Profit (loss) for the year attributable to owners of the Company			
- from continuing operations		20,653	24,746
- from discontinued operations		(431)	(277)
		20,222	24,469
Loss for the year attributable to non-controlling interests			
- from continuing operations		(6,048)	(7,803)
- from discontinued operations		(290)	(514)
		(6,338)	(8,317)
		13,884	16,152
Total comprehensive income (expense) attributable to			
Owners of the Company		13,898	24,414
Non-controlling interests		(6,338)	(8,317)
		7,560	16,097
Total comprehensive income (expense) attributable to owners of the Company:			
- from continuing operations		14,329	24,691
- from discontinued operations		(431)	(277)
		13,898	24,414
Earnings (loss) per share			
From continuing and discontinued operations			
- Basic	15	RMB0.31	RMB0.37
- Diluted	15	RMB0.31	RMB0.37
From continuing operations			
- Basic	15	RMB0.31	RMB0.37
- Diluted	15	RMB0.31	RMB0.37
From discontinued operations			
- Basic	15	RMB(0.00)	RMB(0.00)
- Diluted	15	RMB(0.00)	RMB(0.00)

The accompanying notes are an integral part of the consolidated financial statements.

CF ENERGY CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT DECEMBER 31, 2025 AND 2024

	NOTES	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property and equipment	16	883,590	885,977
Right-of-use assets	17	101,368	101,281
Goodwill	18	2,252	2,252
Intangible assets	19	10,629	11,899
Interests in associates	20	61,448	57,428
Amount due from an associate	29	11,000	11,000
Amounts due from non-controlling interests of a subsidiary	30	2,766	2,649
Non-current portion of other receivables, prepaid expenses and deposits	25	5,437	2,987
Equity instruments at fair value through other comprehensive income	21	1,219	7,497
Deferred tax assets		-	46
		1,079,709	1,083,016
CURRENT ASSETS			
Inventories	22	5,327	5,174
Contract assets	23	27,842	29,975
Trade receivables	24	63,742	65,508
Other receivables, prepaid expenses and deposits	25	40,130	42,005
Amounts due from related parties	29	383	320
Bills receivables		90	-
Restricted bank deposits		5,400	5,168
Bank balances and cash	27	50,732	111,695
		193,646	259,845

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - continued
AT DECEMBER 31, 2025 AND 2024

	NOTES	2025 RMB'000	2024 RMB'000
CURRENT LIABILITIES			
Trade and other payables	28	157,259	183,957
Dividend payable to non-controlling interest of a subsidiary		299	299
Amounts due to related parties	29	-	37
Contract liabilities	31	124,974	111,125
Lease liabilities	34	689	1,033
Income tax payable		7,801	14,841
Short-term bank borrowings	32	93,000	100,000
Current portion of long-term debts	33	86,787	86,080
Other borrowings	17	2,400	2,274
		473,209	499,646
NET CURRENT LIABILITIES		(279,563)	(239,801)
TOTAL ASSETS LESS CURRENT LIABILITIES		800,146	843,215

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - continued
AT DECEMBER 31, 2025 AND 2024

	NOTES	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Long-term debts	33	309,899	357,134
Lease liabilities	34	276	648
Deferred income - government grants	35	52,645	54,691
Deferred tax liabilities	36	9,793	8,396
Other borrowings	17	4,003	6,376
		376,616	427,245
NET ASSETS		423,530	415,970
CAPITAL AND RESERVES			
Share capital	37	70,978	70,978
Reserves		338,989	325,091
Equity attributable to owners of the Company		409,967	396,069
Non-controlling interests		13,563	19,901
TOTAL EQUITY		423,530	415,970

The consolidated financial statements on pages 6 to 98 were approved and authorized for issue by the Board of Directors on April 27, 2026 and are signed on its behalf by:

GUODONG (LAURENCE) WANG
DIRECTOR

YIMING (TERRY) LUO
DIRECTOR

CF ENERGY CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Attributable to owners of the Company								
	Share capital RMB'000	Contributed surplus RMB'000 (note a)	Statutory surplus reserve RMB'000 (note b)	Fair value through other comprehensive income reserve RMB'000	Other reserves RMB'000 (note c)	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at January 1, 2024	70,978	18,166	62,631	(8,292)	(7,261)	235,433	371,655	27,718	399,373
Profit (loss) for the year	-	-	-	-	-	24,469	24,469	(8,317)	16,152
Other comprehensive expense for the year (note 21)	-	-	-	(55)	-	-	(55)	-	(55)
Total comprehensive income (expense) for the year	-	-	-	(55)	-	24,469	24,414	(8,317)	16,097
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	500	500
Provision for statutory surplus reserves	-	-	893	-	-	(893)	-	-	-
As at December 31, 2024	70,978	18,166	63,524	(8,347)	(7,261)	259,009	396,069	19,901	415,970
Profit (loss) for the year	-	-	-	-	-	20,222	20,222	(6,338)	13,884
Other comprehensive expense for the year (note 21)	-	-	-	(6,324)	-	-	(6,324)	-	(6,324)
Total comprehensive (expense) income for the year	-	-	-	(6,324)	-	20,222	13,898	(6,338)	7,560
Provision for statutory surplus reserves	-	-	5,367	-	-	(5,367)	-	-	-
As at December 31, 2025	70,978	18,166	68,891	(14,671)	(7,261)	273,864	409,967	13,563	423,530

Notes:

(a) Contributed surplus comprises capital contribution from shareholders and share-based compensation reserve.

(b) Statutory surplus reserve represents the statutory surplus reserve fund attributable to the Group set up by the subsidiaries in the People's Republic of China (the "PRC"). According to the relevant PRC regulations, the subsidiaries in the PRC are required to appropriate 10% of net profit as reported in the statutory financial statements to the statutory surplus reserve fund, and the statutory surplus reserve fund may be used for making up losses, if any, and increasing registered capital. The maximum amount appropriate to the statutory surplus reserve fund is 50% of the registered capital of the respective PRC subsidiaries. The statutory surplus reserve is not distributable.

(c) Other reserve as of January 1, 2024 represents the difference between the carrying amount of the non-controlling interest of Hainan EDF Huapu Smart Mobility Co., Ltd. (“EDF Huapu SM”) and the consideration for acquisition of 30% equity interest in EDF Huapu SM from a non-controlling shareholder.

CF ENERGY CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Profit for the year	13,884	16,152
Adjustments for:		
Income tax expense	15,403	25,885
Interest income	(402)	(405)
Finance costs	18,282	19,301
Depreciation of property and equipment	38,123	36,413
Depreciation of right-of-use assets	3,674	3,982
Amortization of government grants	(2,046)	(1,935)
Amortization of intangible assets	1,928	1,844
Gains on early termination of leases	(1)	(25)
Gain on pipeline relocation projects	-	(1,756)
Share of results of associates	(12,517)	(13,872)
Impairment loss, net of reversal		
- property and equipment	-	1,075
- financial assets and other items under expected credit loss model	2,142	6,764
Impairment loss on investment in an associate	70	-
Loss on disposals of property and equipment	154	179
Unrealized exchange (gain) loss on monetary items	(19)	183
Operating cash flows before movements in working capital	78,675	93,785
Increase in inventories	(153)	(530)
Decrease (increase) in trade receivables	(475)	(15,408)
Increase in bill receivables	(90)	-
Decrease in other receivables, prepaid expenses and deposits	1,132	12,204
Decrease (increase) in long-term deposits and advances	162	(163)
Decrease (increase) in contract assets	2,599	(10,121)
(Decrease) increase in trade and other payables	(17,243)	31,488
Increase (decrease) in contract liabilities	13,849	(6,605)
Decrease in amounts due to a non-controlling interest of a subsidiary	-	(100)
(Increase) decrease in amounts due from directors (note 29)	(100)	521
Cash generated from operations	78,356	105,071
Income tax paid	(21,046)	(18,068)
Interest paid	(19,697)	(22,000)
Interest received	53	1,710
NET CASH FROM OPERATING ACTIVITIES	37,666	66,713

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS - continued
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES		
Deposit paid for acquisition of property and equipment	(2,592)	(2,006)
Acquisition of property and equipment	(45,465)	(45,899)
Refund of rental deposits	214	5
Acquisition of pipelines for relocation projects	(3,057)	(6,720)
Acquisition of intangible assets	(658)	(1,131)
Acquisition of right-of-use assets	(3,786)	-
Acquisition of an associate	-	(245)
Proceeds on disposal of property, plant and equipment	23	655
Proceeds on disposal of intangible assets	-	97
Receipt of compensation on pipeline relocation projects	4,707	7,784
Withdrawal of restricted bank deposits	-	(5,168)
Withdrawal of fixed term bank deposits	-	6,026
Receipt of government grant relating to assets	-	2,898
Dividend received from an associate	10,427	-
NET CASH USED IN INVESTING ACTIVITIES	(40,187)	(43,704)
FINANCING ACTIVITIES		
Capital contribution to an associate	(2,000)	-
Capital contribution from non-controlling interests in a subsidiary	-	500
Repayments of lease liabilities	(691)	(1,327)
Repayment of short-term bank borrowings	(101,000)	(62,700)
New short-term bank borrowings raised	94,000	90,000
Repayment of long-term debts	(86,890)	(73,485)
New long-term debt raised	40,362	45,032
Repayment of other borrowings	(2,247)	(2,123)
NET CASH FROM FINANCING ACTIVITIES	(58,466)	(4,103)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(60,987)	18,906
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	111,695	92,973
Effect of foreign exchange rate changes	24	(184)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	50,732	111,695
Represented by:		
Bank balances and cash	50,732	111,695
Bank balances and cash included in assets held-for-sale	-	-
	50,732	111,695

The accompanying notes are an integral part of the consolidated financial statements.

1. GENERAL INFORMATION

CF Energy Corp. (the "Company") is a public limited company originally incorporated under the Canada Business Corporations Act on May 4, 2006 until it changed its incorporation jurisdiction to British Columbia on June 18, 2018 under the Business Corporations Act (British Columbia). Its shares are listed on the TSX Venture Exchange. The registered office of the Company is located at Suite 2600, Three Bentall Center, P.O. BOX 49314, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3, Canada and the head office of the Company is located at Room 602, 6th Floor, 15 Allstate Parkway, Markham, Ontario, L3R 5B4, Canada. The principal operations of the Company's business are in the PRC. Its ultimate controlling party is the estate of Mr. Huajun Lin ("Mr. Lin"), who was also an officer and director of the Company until he resigned from such positions with effect from February 22, 2019.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the "Group") are engaged in the distribution of natural gas and sustainable energy utilisation for industrial, commercial and residential users as well as electric vehicle battery swap services in the PRC.

The consolidated financial statements are presented in Renminbi ("RMB").

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Accounting Standard")

Amendments to IFRS Accounting Standard that are mandatorily effective for the current year

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, *Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates* specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Group's financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Accounting Standard") - continued

New and amendments to IFRS Accounting Standard in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Accounting Standard") - continued

New and amendments to IFRS Accounting Standard in issue but not yet effective - continued

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

▪ A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date

▪ Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed

▪ Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments

▪ The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS Accounting Standard") - continued

New and amendments to IFRS Accounting Standard in issue but not yet effective - continued

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

▪ Clarify the application of the 'own-use' requirements for in-scope contracts

▪ Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts

▪ Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Group does not expect that the amendments will have a material impact on its financial statements.

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

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standard issued by the IASB.

At December 31, 2025, the Group's current liabilities exceeded its current assets by RMB 279,563,000. In view of these circumstances, management of the Group has given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Management is satisfied that the Group will have sufficient financial resources to meet its financial obligations including the capital commitments as disclosed in note 39. Taking into account the Group's cash flow projection, including the term facility, the Group's ability to renew or refinance the banking facilities upon maturity and the Group's future capital expenditure in respect of its non-cancellable capital commitments, management considers that it has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the consolidated financial statements have been prepared on a going concern basis. No significant judgements were involved in reaching the conclusion to prepare the consolidated financial statements on a going concern basis as there are no significant doubts about going concern.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for asset or liability.

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

3.2 Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

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

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

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

3.2 Material accounting policy information - continued

Basis of consolidation - continued

Changes in the Group's interests in existing subsidiaries - continued

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

Goodwill

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

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

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

Investments in associates

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

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

3.2 Material accounting policy information - continued

Investments in associates - continued

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

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

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

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

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

3.2 Material accounting policy information - continued

Non-current assets held for sale

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

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

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 5.

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

3.2 Material accounting policy information - continued

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of staff quarters that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

3.2 Material accounting policy information - continued

Leases - continued

The Group as a lessee - continued

Right-of-use assets - continued

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

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

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

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

3.2 Material accounting policy information - continued

Leases - continued

The Group as a lessee - continued

Lease liabilities - continued

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

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

3.2 Material accounting policy information - continued

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

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

3.2 Material accounting policy information - continued

Employee benefits

Retirement benefit costs

Payments to the state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

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

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in the statements of profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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

3.2 Material accounting policy information - continued

Taxation - continued

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

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

Property and equipment

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

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

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

3.2 Material accounting policy information - continued

Property and equipment - continued

Ownership interests in leasehold land and building

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

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" (upon application of IFRS 16) or "prepaid lease payments" (before application of IFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

Intangible assets

Intangible assets acquired separately

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

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

3.2 Material accounting policy information - continued

Intangible assets - continued

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses/ revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

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

Impairment on property and equipment, right-of-use assets, intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

3.2 Material accounting policy information - continued

Impairment on property and equipment, right-of-use assets, intangible assets other than goodwill – continued

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on a weighted average cost method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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

3.2 Material accounting policy information - continued

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application IFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

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

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Classification and subsequent measurement of financial assets - continued

A financial asset is held as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

(i) Amortized cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

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

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

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

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Classification and subsequent measurement of financial assets - continued

(iii) Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "fair value change on derivative instrument" line item.

Impairment of financial assets and contract assets subject to impairment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including equity instrument at fair value through other comprehensive income, trade receivables, other receivables and deposits, contract assets, amounts due from related parties and non-controlling interests of subsidiaries, fixed term bank deposits, restricted bank deposits and bank balances and cash) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets and contract assets subject to impairment under IFRS 9- continued

(i) Significant increase in credit risk - continued

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

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

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

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

(ii) Definition of default

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

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

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

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets and contract assets subject to impairment under IFRS 9- continued

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets and contract assets subject to impairment under IFRS 9- continued

(v) Measurement and recognition of ECL - continued

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

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

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

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

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortized cost of the financial asset.

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

Derecognition of financial assets

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

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

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

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

Financial liabilities at amortized cost

Financial liabilities at amortized cost including trade and other payables, dividend payable to non-controlling interest of a subsidiary, short-term bank borrowings, long-term debts, other borrowings and lease liabilities are subsequently measured at amortized cost, using the effective interest method.

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

3.2 Material accounting policy information - continued

Financial instruments - continued

Financial liabilities and equity - continued

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

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

Key sources of estimation uncertainty

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

Revenue recognition

The Group applies input method in estimating the performance obligations satisfied of IFRS 15. The Group recognises contract revenue and profit of pipeline installation and connection based on the input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation. Construction costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Management of the Company needs to estimate future costs to completion for each of the pipeline installation and connection contracts. For the year ended December 31, 2025, pipeline installation and connection revenue is RMB122,108,000 (2024: RMB190,358,000).

Provision of ECL for trade receivables, contract assets and other receivables

The Group uses a provision matrix to calculate ECL for trade receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar credit risk characteristics. The provision matrix is based on the Group's historical default rates taking into consideration of reasonable and supportable forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables, contract assets and other receivables are disclosed in notes 23, 24, 25 and 41 (b).

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Impairment of property and equipment, right-of-use assets and intangible assets

Property and equipment, right-of-use assets and intangible assets are carried at cost less accumulated depreciation and impairment, if any. In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management of the Group has to exercise judgement and make assumptions, particularly when assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the value in use included in the cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating-unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. The key assumptions used by management in setting the financial budgets were forecast sales growth rates, operating profits and cash conversion. These assumptions are forecast based on historical experience. Details of the impairment of property and equipment, right-of-use assets and intangible assets are disclosed in Notes 16,17 and 19.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the year ended December 31, 2025					
	Gas distribution utility					
	Gas sales RMB'000	Pipeline installation and connection RMB'000	Subtotal RMB'000	Integrated smart energy RMB'000	Smart mobility RMB'000	Total RMB'000
Types of goods and services						
Gas distribution utility						
- Gas supply	231,233	-	231,233	-	-	231,233
- Pipeline installation and connection	-	139,983	139,983	-	-	139,983
	231,233	139,983	371,216	-	-	371,216
Integrated smart energy						
- Integrated smart energy system	-	-	-	21,813	-	21,813
- Integrated district energy distribution	-	-	-	8,803	-	8,803
	-	-	-	30,616	-	30,616
Smart mobility						
- Electric vehicle battery swap	-	-	-	-	10,086	10,086
Total	231,233	139,983	371,216	30,616	10,086	411,918
Geographical markets in the PRC						
Sanya City, Hainan Province	225,484	139,983	365,467	21,813	4,772	392,052
Meishan City, Sichuan Province	-	-	-	8,803	-	8,803
Other cities	5,749	-	5,749	-	5,314	11,063
Total	231,233	139,983	371,216	30,616	10,086	411,918
Timing of revenue recognition						
At a point in time	231,233	17,875	249,108	20,994	10,086	280,188
Over time	-	122,108	122,108	9,622	-	131,730
Total	231,233	139,983	371,216	30,616	10,086	411,918

	For the year ended December 31, 2024					
	Gas distribution utility					
	Gas sales RMB'000	Pipeline installation and connection RMB'000	Subtotal RMB'000	Integrated smart energy RMB'000	Smart mobility RMB'000	Total RMB'000
Types of goods and services						
Gas distribution utility						
- Gas supply	278,485	-	278,485	-	-	278,485
- Pipeline installation and connection	-	200,321	200,321	-	-	200,321
	278,485	200,321	478,806	-	-	478,806
Integrated smart energy						
- Integrated smart energy system	-	-	-	21,118	-	21,118
- Integrated district energy distribution	-	-	-	7,203	-	7,203
	-	-	-	28,321	-	28,321
Smart mobility						
- Electric vehicle battery swap	-	-	-	-	12,848	12,848
Total	278,485	200,321	478,806	28,321	12,848	519,975
Geographical markets in the PRC						
Sanya City, Hainan Province	272,443	200,321	472,764	21,118	6,299	500,181
Meishan City, Sichuan Province	-	-	-	7,203	-	7,203
Other cities	6,042	-	6,042	-	6,549	12,591
Total	278,485	200,321	478,806	28,321	12,848	519,975
Timing of revenue recognition						
At a point in time	278,485	9,963	288,448	23,051	12,848	324,347
Over time	-	190,358	190,358	5,270	-	195,628
Total	278,485	200,321	478,806	28,321	12,848	519,975

5. REVENUE - continued

(ii) Performance obligations for contracts with customers

a) Revenue from natural gas supply

The Group supplies gas to residential, commercial and industrial consumers in the PRC. The Group receives integrated circuit cards ("IC cards") deposits from residential customers in advance before they consume the natural gas and this will give rise to contract liabilities. Monthly invoices will be issued to industrial and commercial customers based on the actual usage and the price of gas. Revenue from natural gas supply is recognised at a point in time when the customers consume the natural gas.

b) Revenue from natural gas pipeline installation and connection

The Group provides natural gas pipeline installation and connection under contracts with customers. Such contracts are entered into before the contracting services begin.

The services are mainly recognised as a performance obligation satisfied over time when the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue from natural gas pipeline connection is recognised based on the input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation.

The Group's natural gas pipeline installation and connection contracts include payment schedules which require stage payments over the construction/installation period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits ranging from 30% to 70% of total contract amount, when the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract equals to or exceeds the amount of the deposits.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction/installation services are performed, representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

c) Revenue from heating/cooling power generation and supply

The Group uses multiple clean energy sources to generate and supply heating and cooling to its customers. Revenue from power generation and supply is recognised at a point in time when the customers consume the heating and/or cooling power.

5. REVENUE - continued

(ii) Performance obligations for contracts with customers - continued

d) Revenue from electric vehicle battery swapping services

The Group also provides battery swapping services to its customers including companies who operates passenger transportation business through its owned electric vehicles and other users of electric vehicles, which provides the customers with convenient "recharging" experience by swapping the customers' batteries for another one. The battery swapping services is in substance a supply of battery power. Revenue from supply of battery power represents the fair value of the consideration received or receivable for power sold via swapped battery. Revenue is earned and recognised when the swapping is completed.

(iii) Transaction price allocated to remaining performance obligations for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2025 and 2024 and the expected timing of recognizing revenue are as follows:

	Pipeline installation and connection	
	2025	2024
	RMB'000	RMB'000
Within one year	103,674	95,320
More than one year but not more than two years	9,927	13,310
More than two years	28,830	25,630
	142,431	134,260

Contracts for gas distribution services typically have terms in which the Group bills a fixed price for each gas volume used by the customers on a monthly basis. The Group recognises revenue according to gas consumption by customers.

6. OPERATING SEGMENTS

Information is reported to the Chief Executive Officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of each segment performance.

The CODM reviews operating results and financial information for each sub-group of operating companies separately. Accordingly, each sub-group of operating companies in the PRC is identified as an operating segment.

6. OPERATING SEGMENTS - continued

Specifically, the Group's reportable segments under IFRS 8 *Operating Segments* are as follows:

(a) Gas distribution utility which includes gas sales, and pipeline installation and connection

(i) provides gas pipeline installation and connection services and delivers natural gas to residential, commercial and industrial customers through its pipeline networks and associated facilities in Sanya City, Hainan Province, the PRC;

(ii) transmits of natural gas via the Group's pipeline networks for its customers in Zhaoqing City, Guangdong Province, the PRC.

(b) Integrated smart energy

(i) uses multiple clean energy sources, including solar, hydro, electricity, and natural gas (CCHP/Co-Gen) to supply cooling, heating, as well as hot water to its customers in the Haitang Bay area of Sanya City, Hainan Province, the PRC;

(ii) supplies heat and power via the Group's pipeline networks to its customers in Meishan City, Sichuan Province, the PRC.

(c) Smart mobility

(i) operates electric vehicle ("EV") battery swap business in Sanya City and Haikou City, Hainan Province and Zhuhai City, Guangdong Province, the PRC.

The CNG vehicles refueling business within Gas distribution utility operating segment was discontinued for the years ended December 31, 2025 and 2024. The segment information reported below excluded the results of these discontinued operations, which are described in more detail in note 12.

6. OPERATING SEGMENTS - continued

Segments revenues and results

The following is an analysis of Group's revenue and results from continuing operations by reportable segments:

For the year ended December 31, 2025

Continuing operations

	Gas distribution utility RMB'000	Integrated smart energy RMB'000	Smart mobility RMB'000	Consolidated RMB'000
Segment revenue	451,405	30,616	10,191	492,212
Inter-segment revenue	(80,189)	-	(105)	(80,294)
Revenue from external customers	371,216	30,616	10,086	411,918
Segment profit (loss)	59,797	(21,896)	(6,686)	31,215
Share of results of associates				12,565
Unallocated other income				317
Unallocated corporate expenses				(13,325)
Profit before tax from continuing operations				30,772

For the year ended December 31, 2024

Continuing operations

	Gas distribution utility RMB'000	Integrated smart energy RMB'000	Smart mobility RMB'000	Consolidated RMB'000
Segment revenue	551,764	28,321	13,858	593,943
Inter-segment revenue	(72,958)	-	(1,010)	(73,968)
Revenue from external customers	478,806	28,321	12,848	519,975
Segment profit (loss)	75,974	(22,539)	(8,017)	45,418
Share of results of associates				13,922
Unallocated other income				241
Unallocated corporate expenses				(17,175)
Profit before tax from continuing operations				42,406

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

6. OPERATING SEGMENTS - continued

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

For the year ended December 31, 2025

	Gas distribution utility RMB'000	Integrated smart energy RMB'000	Smart mobility RMB'000	Total RMB'000
Segment assets				
Total assets for continuing operations	753,927	395,247	37,712	1,186,886
Unallocated assets for continuing operations (i)				86,469
Consolidated assets				1,273,355
Segment liabilities				
Total liabilities for continuing operations	511,452	315,547	22,166	849,165
Unallocated liabilities for continuing operations				660
Consolidated liabilities				849,825

For the year ended December 31, 2024

	Gas distribution utility RMB'000	Integrated smart energy RMB'000	Smart mobility RMB'000	Total RMB'000
Segment assets				
Total assets for continuing operations	788,314	406,986	49,342	1,244,642
Unallocated assets for continuing operations (i)				98,219
Consolidated assets				1,342,861
Segment liabilities				
Total liabilities for continuing operations	572,778	323,339	29,094	925,211
Unallocated liabilities for continuing operations				1,680
Consolidated liabilities				926,891

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

(i) all assets are allocated to operating segments other than interests in associates, amounts due from related parties, equity instruments at fair value through other comprehensive income for general management use and other corporate assets.

6. OPERATING SEGMENTS - continued

Other segment information

For the year ended December 31, 2025

Continuing operations

Amounts included in the measure of segment profit or losses:

	Gas distribution utility RMB'000	Integrated smart energy RMB'000	Smart mobility RMB'000	Unallocated RMB'000	Consolidated RMB'000
Cost of sales exclude depreciation And amortization	232,395	21,609	7,287	-	261,527
Depreciation of property and equipment	20,675	11,506	5,669	273	38,123
Depreciation of right-of-use assets	2,321	739	614	-	3,674
Amortization of government grant	(2,046)	-	-	-	(2,046)
Amortization of intangible assets	1,190	624	-	114	1,928
Loss on disposals of property and equipment	-	1	153	-	154
Recognition of impairment losses on trade receivables	296	1,945	-	-	2,241
Reversal of impairment loss on contract assets	(466)	-	-	-	(466)
Recognition (reversal) of impairment loss on other receivables	64	307	(4)	-	367
Interest income from bank deposits, an associate and non-controlling interest of a subsidiary	(149)	(10)	(3)	(5)	(167)
Finance costs	6,544	9,706	1,128	904	18,282

For the year ended December 31, 2024

Continuing operations

Amounts included in the measure of segment profit or losses:

	Gas distribution utility RMB'000	Integrated smart energy RMB'000	Smart mobility RMB'000	Unallocated RMB'000	Consolidated RMB'000
Cost of sales exclude depreciation And amortization	317,291	21,845	9,739	-	349,381
Depreciation of property and equipment	18,532	11,345	6,319	217	36,413
Depreciation of right-of-use assets	2,410	775	647	150	3,982
Amortization of government grant	(1,935)	-	-	-	(1,935)
Amortization of intangible assets	1,105	624	-	115	1,844
Loss on disposals of property and equipment	99	-	80	-	179
Recognition of impairment losses on trade receivables	462	471	-	-	933
Recognition of impairment loss on contract assets	525	-	-	-	525
Recognition (reversal) of impairment loss on other receivables	5,415	1	(11)	(99)	5,306
Interest income from bank deposits, an associate and non-controlling interest of a subsidiary	(189)	(87)	(19)	(22)	(317)
Finance costs	6,898	10,104	1,399	872	19,273

6. OPERATING SEGMENTS - continued

Geographical information

The Group's operations are substantially based in the PRC and all significant non-current assets of the Group are located in the PRC. Therefore, no further analysis of geographical information is presented.

Information about major customers

No single customer accounted for more than 10% of the Group's sales in both years or trade receivables at December 31, 2025 and 2024.

7. OTHER INCOME

Continuing operations

	2025 RMB'000	2024 RMB'000
Interest income from bank deposits	56	206
Interest income from non-controlling interest of a subsidiary (note 30)	111	111
Government grants (note)	2,885	4,332
Others	406	144
	3,458	4,793

Note: During the current year, the Group recognised government grants of RMB2,885,000 (2024: RMB4,332,000) mainly related to amortisation of government grant previously received.

8. OTHER GAIN AND LOSSES, NET

Continuing operations

	2025 RMB'000	2024 RMB'000
Exchange loss	(18)	(287)
Loss on disposal of property and equipment	(154)	(179)
Impairment loss recognized in respect of property and equipment (note 16)	-	(1,075)
Donations	(61)	(186)
Others	(37)	2,917
	(270)	1,190

9. FINANCE COSTS

Continuing operations

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	50	78
Interest expense on other borrowings (note 17)	468	609
Interest expense on short-term bank borrowings and long-term debts	19,221	21,285
Less: amounts capitalized in cost of property and equipment	(1,457)	(2,699)
	18,282	19,273

Borrowing costs capitalized arose on the general borrowing pool and are calculated by applying a capitalization rate of 4% (2024: 4%) per annum to expenditure on qualifying assets.

10. IMPAIRMENT LOSSES RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET

Continuing operations

	2025 RMB'000	2024 RMB'000
Impairment losses (recognized) reversed in respect of:		
- Trade receivables	(2,241)	(933)
- Contract assets	466	(525)
- Other receivables	(367)	(5,306)
	(2,142)	(6,764)

Details of impairment assessment are set out in note 41 (b).

11. INCOME TAX EXPENSE

Continuing operations

	2025 RMB'000	2024 RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	14,006	23,338
PRC withholding EIT	764	2,396
	14,770	25,734
Over provision in prior year	-	(175)
	14,770	25,559
Deferred tax (note 36)	1,397	(96)
	16,167	25,463

The Company was incorporated in Canada and is therefore subject to Canadian federal and Ontario statutory income tax at a rate of 26.5% (2024: 26.5%) on assessable profits in Canada during the reporting period.

A subsidiary, Hainan Energy Ltd., was incorporated in the British Virgin Islands and tax exempted under the laws of the British Virgin Islands.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the reporting period (2024: 25%).

The income tax expense for the year can be reconciled to the profit before tax as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	30,772	42,406
Tax at Canadian federal and Ontario statutory income tax rate of 26.5%	8,155	11,238
Tax effect of expenses not deductible for tax purposes	1,680	3,556
Effect of difference in tax rates of entities operating in other jurisdictions	(1,664)	(2,532)
Tax effect of tax losses and deductible temporary differences not recognised	6,247	11,567
Over provision in prior year	-	(175)
PRC withholding EIT	764	2,396
Deferred tax on undistributed earnings in the PRC	47	(132)
Others	938	(455)
Income tax expense for the year	16,167	25,463

12. DISCONTINUED OPERATIONS

Upon the realignment of its future business strategies with major focus on the development of clean energy solutions with high growth potential, including the integrated smart energy and electric vehicle battery swap, the Group made the first move into the EV battery swap business beginning from 2020. As the business and operating model of Hebei Riheng Clean Energy Co., Ltd., or Riheng no longer aligns with the Group's new business focus and growth expectations, in the best interests of the Group, management of the Company decided to gradually terminate the operation of Riheng. Up to the first quarter of 2021, management determined to dispose of all of Riheng's operations and considered Riheng as a discontinued operation. Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to Riheng, which are expected to be sold within twelve months, were accordingly classified as a disposal group held for sale and were separately presented in the consolidated statement of financial position as set out below. The results of Riheng in the consolidated statement of profit or loss and other comprehensive income were presented separately as discontinued operation.

Due to the unexpected impact of Covid-19 in 2022, both parties extended the period to complete the sale as mentioned above beyond one year. Considering the delay of the disposal of Riheng's operations was beyond the Company's control and the Company remains committed to its plan to the disposal, the assets and liabilities attributable to Riheng continued to be classified as a disposal group held for sale and were separately presented in the consolidated statement of financial position as at December 31, 2022. Accordingly, the profit or loss of Riheng in the consolidated statement of profit or loss and other comprehensive income was presented as a discontinued operation for the year ended December 31, 2022. The disposal of Riheng's operations was completed in 2023.

On September 8, 2023, operation of the CNG vehicle refueling station in Sanya City, Hainan of Sanya Changfeng Clean Energy Co., Ltd. ("Clean Energy"), a wholly-owned subsidiary of the Group was forced to suspend operation. The suspension of operation was under the notice from the government authority advising Clean Energy that the location of the CNG vehicle refueling station was too close to the intended location for the underground construction of certain government property as their continuing operation no longer met the safety regulation requirements.

In October 2023, upon the realignment of its future business strategies with major focus on the development of clean energy solutions with high growth potential and the continuous reduction in consumption of CNG caused by the common usage of EV taxis, the Group considered the operation of the CNG vehicle refueling station in Changsha City, Hunan of Hunan CNPC Energy Co., Ltd. ("Hunan CF CNPC"), a non wholly-owned subsidiary of the Group no longer aligns with the Group's new business focus and growth expectations.

After careful consideration, management decided that it would be in the best interest of the Group to permanently close down both refueling stations in 2023. The operation of CNG vehicle refueling station of Clean Energy and Hunan CF CNPC were abandoned during the year ended December 31, 2023. Accordingly, the profit or loss of Clean Energy and Hunan CF CNPC in the consolidated statement of profit or loss and other comprehensive income, including the comparative figures, are presented as discontinued operation for each of the reporting period.

As the operations of Clean Energy and Hunan CF CNPC were abandoned with no sales plans for the years ended December 31, 2025 and 2024, the assets and liabilities attributable to Clean Energy and Hunan CF CNPC are not classified as held for sale.

12. DISCONTINUED OPERATIONS - continued

	2025 RMB'000	2024 RMB'000
Revenue	-	-
Cost of sales	-	-
Other income	13	311
Selling and marketing expenses	-	(80)
General and administrative expenses	(602)	(769)
Share of results of associates	(48)	(50)
Impairment on investment of an associate	(70)	-
Finance costs	-	(28)
Impairment losses recognised under expected credit loss model, net	(34)	-
Other gain and losses, net	20	247
Loss before tax	(721)	(369)
Income tax expense	-	(422)
Loss for the year	(721)	(791)

The net cash flows attributable to the operating, investing and financing activities of Clean Energy and Hunan CF CNPC are shown as follows:

	2025 RMB'000	2024 RMB'000
Net cash from (used in) operating activities	54	(577)
Net cash (used in)/from investing activities	(1,979)	6,059
Net cash used in financing activities	(100)	(6,167)

13. PROFIT FOR THE YEAR

	2025 RMB'000	2024 RMB'000
Profit for the year from continuing operations has been arrived after charging the following:		
Directors' remuneration	360	255
Other staff costs	39,451	51,009
Staff retirement benefit scheme contribution	11,859	8,299
Total staff costs	51,670	59,563
Auditors' remuneration	1,828	2,596
Cost of inventories recognised as expense in cost of sales	146,003	194,000
Contract costs recognised as expense in cost of sales	29,519	46,895
Depreciation of property and equipment	38,123	36,413
Depreciation of right-of-use assets	3,674	3,982
Amortization of intangible assets (included in cost of sales)	1,928	1,844
Total depreciation and amortization	43,725	42,239

14. ACQUISITION AND DISPOSAL OF PARTIAL INTEREST OF SUBSIDIARIES

There was no acquisition or disposal of partial interest of subsidiaries during the year ended December 31, 2025 and 2024.

15. EARNINGS PER SHARE

From continuing and discontinued operations

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

	2025 RMB'000	2024 RMB'000
Earnings		
Profit for the purpose of basic earnings per share	20,222	24,469
Profit for the purpose of dilutive earnings per share	20,222	24,469
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	65,885,155	65,885,155
Effect of dilutive potential shares:		
Share options	-	-
Weighted average number of common shares for the purpose of diluted earnings per share	65,885,155	65,885,155
Basic earnings per share (note)	RMB0.31	RMB0.37
	CAD0.06	CAD0.07
Diluted earnings per share (note)	RMB0.31	RMB0.37
	CAD0.06	CAD0.07

Note: The CAD figures presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.0000 to CAD 0.1944 for the year ended December 31, 2025 and RMB1.0000 to CAD0.1903 for the year ended December 31, 2024, being the average exchange rate that prevailed during the respective years.

The computation of diluted earnings per share did not assume the exercise of certain share options of the Company because the exercise price of those options was higher than the average market price for the shares for both 2025 and 2024 years.

15. EARNINGS PER SHARE - continued

From discontinued operations

Basic and dilutive losses per share for the discontinued operations is RMB0.00 per share (2024: loss per share of RMB0.00), based on the loss for the year attribute to owners of the Company from the discontinued operations of approximately RMB431,000 (2024: the discontinued operations of approximately RMB277,000) and the denominators detailed above for both basic and diluted earnings per share.

For continuing operations

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

	2025 RMB'000	2024 RMB'000
Earnings		
Profit for the year attributable to owners of the Company	20,222	24,469
Less:		
Loss for the year from discontinued operations attributable to owners of the Company	(431)	(277)
Profit for the purpose of basic earnings per share from continuing operations	20,653	24,746
Profit for the purpose of dilutive earnings per share	20,653	24,746
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	65,885,155	65,885,155
Effect of dilutive potential shares:		
Share options	-	-
Weighted average number of common shares for the purpose of diluted earnings per share	65,885,155	65,885,155
Basic earnings per share	RMB0.31	RMB0.37
	CAD0.06	CAD0.07
Diluted earnings per share	RMB0.31	RMB0.37
	CAD0.06	CAD0.07

16. PROPERTY AND EQUIPMENT

	Buildings	Pipelines	Motor vehicles	Furniture and equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At January 1, 2024	185,660	625,380	10,208	131,676	3,577	201,111	1,157,612
Additions	397	5,010	1,746	2,242	5,795	33,710	48,900
Disposal	-	(138)	-	(9,113)	(2,062)	-	(11,313)
Transfer	8,083	28,430	-	16,678	-	(53,647)	(456)
At December 31, 2024	194,140	658,682	11,954	141,483	7,310	181,174	1,194,743
Additions	2,045	595	63	2,850	-	34,841	40,394
Disposal	(8,784)	(24)	(183)	(3,248)	-	-	(12,239)
Transfer	74,201	10,564	-	237	-	(87,788)	(2,786)
At December 31, 2025	261,602	669,817	11,834	141,322	7,310	128,227	1,220,112
DEPRECIATION AND IMPAIRMENT							
At January 1, 2024	24,094	189,016	8,529	56,362	3,355	401	281,757
Provided for the year	4,743	20,708	627	10,335	-	-	36,413
Impairment loss recognised in Profit or loss	-	1,075	-	-	-	-	1,075
Eliminated on disposals and written off	-	(4)	-	(8,413)	(2,062)	-	(10,479)
At December 31, 2024	28,837	210,795	9,156	58,284	1,293	401	308,766
Provided for the year	6,384	19,995	482	11,089	173	-	38,123
Eliminated on disposals and written off	(8,611)	(4)	(120)	(1,632)	-	-	(10,367)
At December 31, 2024	26,610	230,786	9,518	67,741	1,466	401	336,522
NET BOOK VALUE							
At December 31, 2025	234,992	439,031	2,316	73,581	5,844	127,826	883,590
At December 31, 2024	165,303	447,887	2,798	83,199	6,017	180,773	885,977

The above items of property and equipment, other than construction in progress, after taking into account their estimated residual value, are depreciated on a straight-line basis at the following useful life:

Buildings	30 - 35 years
Pipelines	30 - 35 years
Motor vehicles	3 - 10 years
Furniture and equipment	3 - 20 years
Leasehold improvements	9 - 18 years

The Group has pledged certain pipelines and related equipment with a net book value of approximately RMB315,336,000 (2024: RMB311,449,000) to a bank to secure the RMB97,870,000 (2024: RMB130,100,000) long-term debts granted to the Group.

16. PROPERTY AND EQUIPMENT - continued

Impairment assessment

During the year ended December 31, 2024, certain pipelines of Hainan Hengtai Energy Co., Ltd. become wholly obsolete and idle. The management of the Group concluded there was indication for impairment and conducted impairment assessment on these assets with carrying amounts of RMB1,075,000. The recoverable amounts of these assets have been determined based on their value in use and accordingly an impairment loss of RMB1,075,000 was recorded during the year ended 31 December 2024.

The Group estimates the recoverable amounts of the property and equipment, right-of-use assets and other intangible assets with finite useful lives based on higher of fair value less costs of disposal and value in use. Apart from the pipelines of Hainan Hengtai Energy Co., Ltd. which have been fully impaired, the residual carrying amount of the relevant assets does not exceed the recoverable amount based on value in use and no impairment has been recognised as of 31 December 2025.

17. RIGHT-OF-USE ASSETS

	Leasehold properties RMB'000	Leased lands RMB'000	Total RMB'000
As at December 31, 2025			
Carrying amount	1,761	99,607	101,368
As at December 31, 2024			
Carrying amount	2,668	98,613	101,281
For the year ended December 31, 2025			
Depreciation charge	(1,393)	(2,281)	(3,674)
For the year ended December 31, 2024			
Depreciation charge	(1,736)	(2,246)	(3,982)

17. RIGHT-OF-USE ASSETS - continued

	2025 RMB'000	2024 RMB'000
Expense relating to short-term leases	627	434
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	190	49
Total cash outflow for lease	5,305	1,785
Additions to right-of-use assets	3,786	1,682

Note: Amounts include depreciation of right-of-use assets eliminated resulting from early termination of lease contracts.

For both years, the Group leases various offices and staff quarters for its operations. Lease contracts are entered into for fixed terms of 1 to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group also leases land in the PRC for gas utility distribution and gas stations. Other than a land lease in Hunan province, the land leases are usually prepaid upfront. Terms of the land leases are 50 years.

The Group regularly entered into short-term leases for staff quarters. As at December 31, 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases recognized and disclosed above, to which the short-term lease expense amounted to RMB627,000 (2024: RMB434,000).

As at December 31, 2025, four pieces of leased land amounting to RMB72,076,000 (2024: RMB25,755,000) have been pledged as security for the Group’s borrowing.

Sale and leaseback transactions – seller-lessee

To better manage the Group's capital structure and financing needs, the Group entered into a sale and leaseback arrangement in relation to EV battery swap station and related equipment lease for a term of 5 years. This legal transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the machinery and raised RMB11,640,000 in 2023 for the borrowings in respect of this sale and leaseback arrangement.

Details of the lease maturity analysis of lease liabilities are set out in note 34 and note 41(b).

18. GOODWILL

	Acquisition of EDF CF RMB'000	Acquisition of Beihai Company RMB'000	Total RMB'000
COST			
At 1 January 2024 and December 31, 2024 and 2025	1,635	617	2,252
CARRYING VALUE			
At December 31, 2024 and 2025	1,635	617	2,252

Notes:

(i) On December 26, 2019, the Group entered into an agreement with EDF China to inject additional capital in EDF CF, a former 50% joint venture of the Group, amounting to RMB24,000,000. Following the completion of the capital injection, the Group holds 70% of equity interest in EDF CF and it became a non wholly-owned subsidiary of the Group. Goodwill arising on the acquisition of 20% of equity interest in EDF CF was RMB1,635,000.

(ii) In October 2022, Hunan CNPC New Energy Investment Co., Ltd ("Hunan CNPC NEI"), a non-wholly owned subsidiary of the Group entered into an agreement with a third party to acquire 70% equity interest in Beihai Brighton Road New Energy Ltd. ("Beihai Company") in which the Group beneficially own 42% of the equity interest with a cash consideration of RMB1,239,000. The Group accounted for this acquisition as business combination and recognized a goodwill amounting to RMB617,000 resulted from the acquisition.

No deferred tax liability was recognised for the taxable temporary differences arises from the initial recognition of goodwill.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount as a cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets and a pre-tax discount rate. The key assumptions used by management in setting the financial budgets were forecast sales growth rates, operating profits and cash conversion. These assumptions are forecast based on historical experience. During the year ended December 31, 2025, management of the Group determines that there is no impairment on the goodwill arising on acquisition of subsidiaries.

19. INTANGIBLE ASSETS

	Gas purchase contract and supply rights RMB'000	Software RMB'000	Exclusive operating right RMB'000	Others RMB'000	Total RMB'000
COST					
At January 1, 2024	2,150	16,064	2,485	520	21,219
Additions	-	1,131	-	-	1,131
Disposals	-	(107)	-	-	(107)
At December 31, 2024	2,150	17,088	2,485	520	22,243
Additions	-	658	-	-	658
At December 31, 2025	2,150	17,746	2,485	520	22,901
AMORTIZATION					
At January 1, 2024	1,722	6,092	356	340	8,510
Charge for the year	114	1,589	89	52	1,844
Disposals	-	(10)	-	-	(10)
At December 31, 2024	1,836	7,671	445	392	10,344
Charge for the year	114	1,673	89	52	1,928
At December 31, 2025	1,950	9,344	534	444	12,272
NET BOOK VALUE					
At December 31, 2025	200	8,402	1,951	76	10,629
At December 31, 2024	314	9,417	2,040	128	11,899

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

Gas purchase contract and supply rights	Over the contractual useful life of 17.5 years commencing from the initial delivery of gas
Software	3-10 years
Exclusive operating right	27 years
Others	10 years

20. INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Cost of investments in associates - unlisted	24,458	32,955
Share of post-acquisition profits and other comprehensive income	36,990	24,473
	61,448	57,428

20. INTERESTS IN ASSOCIATES - continued

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

Name of entities	Country of incorporation/ registration	Principal place of business	Paid-up capital		Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2025 RMB'000	2024 RMB'000	2025	2024	2025	2024	
Pingxiang Xinao CF (Note i)	The PRC	The PRC	32,460	32,460	40%	40%	40%	40%	Gas sales and distribution and pipeline installation and connection
Sichuan Xiangshu Petrochemical Co., Ltd* 四川湘蜀石油化工有限公司 ("Xiangshu") (Note ii)	The PRC	The PRC	250	250	23.2%	23.2%	23.2%	23.2%	Refined oil sales and distribution
Sichuan Lingnan Huapu New Energy Co., Ltd* 四川领南桦朴新能源有限公司 ("Lingnan Huapu") (Note iii)	The PRC	The PRC	2,245	245	28.4%	28.4%	28.4%	28.4%	Provision of EV battery service

* The English name of the associate are for identification purpose only.

Note:

(i) Sanya Changfeng New Energy Investment Co., Ltd., which is wholly owned by the Group, holds a 40% ownership stake in PingXiang CF and has the right to appoint two out of five members to the board of directors, as per the agreement and the management considers that the Group has significant influence over PingXiang classified it as an associate of the Group.

(ii) Hunan CNPC Energy Co., Ltd., a non-wholly owned subsidiary of the Group, has a 40% ownership with the right to appoint two out of five members to the board of directors according to the agreement. The effective interest held by the Group is 23.2%, the management considers that the Group has significant influence over Xiangshu and classified it as an associate of the Group. Xiangshu was dissolved on 14 February 2026.

(iii) Hunan CNPC Energy Co., Ltd. has a 49% ownership with the right to appoint one out of three members to the board of directors according to the agreement. The effective interest held by the Group is 28.4%, and the management considers that the Group has significant influence over Lingnan Huapu and classified it as an associate of the Group.

All of the associates are accounted for using the equity method in these financial statements.

Summarized financial information of a material associate

Summarized financial information in respect of a material associate is set out below. The Summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS Accounting Standard.

Pingxiang Xinao CF

	2025 RMB'000	2024 RMB'000
Current assets	55,529	56,101
Non-current assets	170,060	170,417
Current liabilities	104,445	110,683
Non-current liabilities	537	572

20. INTERESTS IN ASSOCIATES – continued

Summarized financial information of a material associate - continued

	2025 RMB'000	2024 RMB'000
Revenue	361,734	410,075
Profit for the year	31,412	34,806
Total comprehensive income for the year	31,412	34,806
Dividend received for the year	10,427	-

Reconciliation of the above summarized financial information to the carrying amount of the Group's interest in Pingxiang Xinao CF recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of Pingxiang Xinao CF	120,608	115,263
Proportion of the Group's interest in Pingxiang Xinao CF	40%	40%
	48,243	46,105
Add: Fair value adjustment	11,009	11,009
Carrying amount of the Group's interest in Pingxiang Xinao CF	59,252	57,114

21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
- Unlisted equity investments	1,219	7,497

In September 2020, the Group entered into an agreement to invest RMB2,000,000 for 2.0% of the total equity shares of Hainan Shanglian Investment Co., Ltd.* (海南商联投资有限公司) ("Shanglian"). The Group made initial capital injection of RMB500,000 in 2020 and sequential injections of RMB505,200 and RMB213,700 in 2021 and 2022, respectively. As of December 31, 2025, the fair value of the 2.0% equity interest in Shanglian was RMB1,219,000 (2024: RMB1,219,000).

In January 2021, the Group entered into two separate agreements to acquire approximately 3.43% in aggregate of the total equity shares of Beijing Taisheng Tiancheng Technology Co., Ltd.* (北京泰盛天成科技有限公司) ("Bejing Taisheng"), previously as Blue Valley Smart Energy (Beijing) Technology Co., Ltd.* (蓝谷智慧(北京)能源科技有限公司) ("Blue Valley"), a privately held EV battery technology development and service company in the PRC. Total consideration of RMB14,670,000 was paid and business registration of share transfer was completed in May 2021.

The above unlisted equity investments represent the Group's equity interest in private entities incorporated in the PRC. The directors of the Company have elected to designate these investments in equity instruments as FVTOCI as they believe that the Group will hold these investments for medium to long-term strategic purposes.

Due to strategic adjustments and continued losses, Beijing Taisheng has undergone significant internal restructuring in 2025. Bejing Taisheng ceased production of EV battery swap stations and the provision of energy storage in 2025. Based on the preliminary assessment, the Group believes that the fair value of this investment has significantly declined, and the recoverable amount of this equity investment is expected to be zero.

As of December 31, 2025, the fair value of the 3.43% equity interest in Bejing Taisheng was RMB nil (2024: RMB6,278,000), resulting in the recognition of an unrealized loss of RMB6,278,000 (2024: RMB55,000) and a written back of deferred tax assets of RMB46,000 recognized in 2022 against revaluation reserve in the other comprehensive income as of December 31, 2025.

* The English name of the company is for identification purpose only.

22. INVENTORIES

	2025 RMB'000	2024 RMB'000
Construction materials	4,725	4,225
Natural gas for sale	602	949
	5,327	5,174

As at December 31, 2025, no inventories (2024: nil) were written down to the lower of cost and the net realizable value. No reversal of any write down were recorded during the year ended December 31, 2025 (2024: nil).

23. CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Contract assets from pipeline construction works	27,976	30,575
Less: Allowance for credit losses	(134)	(600)
	27,842	29,975

As at January 1, 2024, contract assets amounted to RMB20,454,000.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

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

Construction contracts of pipeline construction works

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits ranging from 30% to 70% of total contract amount as part of its credit risk management policies. The Group typically transfer the contract assets to trade receivables when the performance obligation of the construction works satisfied.

The Group classifies these contract assets as current because the Group expects to realize them in its normal operating cycle.

As at December 31, 2025, contract assets amounting to RMB 27,842,000 (2024: RMB29,975,000) have been pledged as security for the Group’s borrowing.

Details of the impairment assessment are set out in note 41(b).

24. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables		
- Gas sales	42,148	36,935
- Pipeline installation and connection	29,400	34,138
	71,548	71,073
Less: Allowance for credit losses	(7,806)	(5,565)
	63,742	65,508

As at January 1, 2024, trade receivables from contracts with customers amounted to RMB55,666,000.

As at December 31, 2025, trade receivables amounting to RMB56,522,000 (2024: RMB63,728,000) have been pledged as security for the Group's borrowing.

Details of impairment assessment of trade receivables are set out in note 41(b).

25. OTHER RECEIVABLES, PREPAID EXPENSES AND DEPOSITS

	2025 RMB'000	2024 RMB'000
Pipeline relocation receivables (note)	15,279	15,082
Prepayments for gas purchase	3,458	1,533
Prepayments for property and equipment	4,934	2,342
Rental deposits	271	485
VAT recoverable	17,919	18,533
Other prepayments and deposits	4,262	7,209
	46,123	45,184
Less: impairment loss recognised	(556)	(192)
	45,567	44,992
Analyzed for reporting purposes as follows:		
- Current assets	40,130	42,005
- Non-current assets	5,437	2,987
	45,567	44,992

Note: The balance represents compensation from local government for cost of construction of new pipelines incurred as a result of a notified relocation of gas pipelines for complying with the revised city plan. The Group expects RMB14,827,000 (2024: RMB14,630,000) would be compensated by the local government in 2026 with the remaining balance of RMB452,000 (2024: RMB452,000) to be received beyond 2026.

Details of impairment assessment of other receivables and deposits are set out in note 41(b).

26. DERIVATIVE FINANCIAL INSTRUMENT

In 2007, Mr. Lin, advanced loans in the aggregate amount of RMB40,000,000 to the Group pursuant to a subordination and forbearance agreement dated April 27, 2007 (the "Subordination and Forbearance Agreement"). On May 25, 2017, the Group entered into a loan discharge agreement with Mr. Lin ("Loan Discharge Agreement") to repay an aggregate amount of RMB36,000,000 and the Group's obligation stated in the Subordination and Forbearance Agreement, has been fully discharged. Accordingly, the remaining RMB4,000,000 was recognized as shareholder's contribution.

In addition, the Loan Discharge Agreement provided that if the Initial Public Offering ("IPO") was not completed by June 28, 2019, the Group shall have the right for a period of 90 days following June 28, 2019 to require Mr. Lin, directly or indirectly, to subscribe for common shares of the Company on the TSX Venture Exchange, in the amount of RMB36,000,000 or its CAD equivalent (the “Investment”). The subscription price for such common shares was the volume-weighted average price of the common shares of the Company in the period of 30 calendar days preceding June 28, 2019 on the TSX Venture Exchange.

The IPO was not completed by June 28, 2019. On July 26, 2019, the Company announced that the Board determined to exercise the Company's option pursuant to the Loan Discharge Agreement to require the estate of Mr. Lin (the "Estate") to subscribe for an aggregate amount of CAD6,862,000 (approximately RMB36,000,000) in common shares of the Company at a price of CAD0.68 per common share. Following the subscription, based on the prevailing exchange rate of June 28, 2019, the number of shares to be issued is 10,090,568. The management of the Company considered that the share subscription is a forward contract.

On June 21, 2021, the Company together with CF China filed a contract dispute case (the "Claim") against the Estate in the Sanya Intermediate People's Court, Sanya City, Hainan Province, China (the "Sanya Court") to enforce the execution of the Loan Discharge Agreement and the Investment. The Sanya Court declined to take jurisdiction over the dispute. The Company appealed from that decision to the Hainan Provincial High People's Court, which dismissed the Company's appeal on September 5, 2022. The Company applied for a retrial on the basis of new evidence, and this application was rejected on February 24, 2023. On October 30, 2023, the Company filed the Claim in the Sanya Suburban People’s Court, Sanya City. The Claim was dismissed by the Sanya Suburban People’s Court on December 7, 2023.

A beneficiary of the Estate (Mingfei He) applied to the court in China for distribution of certain funds from the Estate. The court approved the distribution of funds to Mingfei He and other beneficiaries. The Company is exploring its options, if any, to compel the return of all funds distributed to the beneficiaries of the Estate so that the Estate can comply with the Loan Discharge Agreement. If no reasonable options are available to the Company, the Company will cease to pursue enforcement of the Loan Discharge Agreement.

26. DERIVATIVE FINANCIAL INSTRUMENT - continued

Notices were sent to the four beneficiaries of the Estate to notify them that the Company previously exercised its option pursuant to the Loan Discharge Agreement and that the Company expected the beneficiaries of the Estate to cause the Estate to comply. Not all beneficiaries of the Estate (the "Dissentient Beneficiaries"), however, have agreed to honor the Investment. The Company has taken into further consideration of the above events in the estimate of fair value of the derivative assets, and considered that these events have undermined the availability of the funds within the Estate, which cast significant doubt as to the fulfillment of the obligations by the Dissentient Beneficiaries under the Loan Discharge Agreement to honor the forward contract. Accordingly, the valuation of the derivative assets as of December 31, 2024 has been determined based on the probability of collection of the funds to honor the Investment which is estimated to be low, and the amount has been fully written down.

In 2024, the counsel representing a shareholder of the Company (the "Petitioning Shareholder") commenced a petition to the Supreme Court of British Columbia (the "Supreme Court") (the "Petition") for leave to prosecute the claim under the Loan Discharge Agreement in the Ontario Superior Court of Justice in the name and on behalf of the Company against the Estate of Mr. Lin. Having sought advice from its legal counsel, the Company considered it appropriate to oppose against the petition and the petition is now pending hearing by the Supreme Court.

In March 2026, the Petition was heard and the Supreme Court allowed the Petitioning Shareholder to proceed with the claim on behalf of the Company. The special committee of the independent Directors is actively reviewing its legal options with its legal counsel. For the avoidance of doubt, the Company would like to emphasis and wishes its shareholders to note that, while reviewing the Petition and in arriving at its decision, the Supreme Court did not identify or make findings of any wrongdoings against the Company or its Board of Directors.

27. BANK BALANCES AND CASH/FIXED TERM BANK DEPOSITS/RESTRICTED BANK DEPOSITS

Bank balances, fixed term bank deposits and restricted bank deposits carried market interest rates which ranged from 0.01% to 1.35% per annum as at December 31, 2025 (2024: 0.01% to 1.35%).

Details of impairment assessment of bank balances and cash, and fixed term bank deposits are set out in note 41(b).

28. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade and construction payables	35,067	50,070
Payable on property and equipment acquisition	90,940	101,906
Accrued wages and staff benefits	4,872	4,348
Accrued audit fee	1,220	1,088
Other tax payables	1,367	1,051
Temporary receipt for pipeline relocation	13,356	11,847
Other payables and accrued expenses	10,437	13,647
	157,259	183,957

The average credit period on purchase of natural gas and construction payable to construct pipelines ranges from 5 to 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

29. RELATED PARTY BALANCES/TRANSACTIONS DISCLOSURE

During the year, the Group entered into the following transactions with related party:

Transaction

Name of related party	Relationship party	Nature of transactions	2025 RMB'000	2024 RMB'000
Pingxiang Xinao CF	Associate	Purchase of gas appliances	-	33
Ann Lin	Chief Executive	Rental expenses	-	230

The following balances were outstanding from related parties at the end of the reporting period:

Balances

Name of related parties	Relationship	Terms	2025 RMB'000	2024 RMB'000
Pingxiang Xinao CF	Associate	Non-trade, unsecured and non-interest bearing (note 1)	11,000	11,000
Sichuan Xiangshu	Associate	Non-trade, unsecured and non-interest bearing	320	320
			11,320	11,320
Directors	Directors	Unsecured and non-interest bearing (note 2)	63	(37)

29. RELATED PARTY BALANCES/TRANSACTIONS DISCLOSURE - continued

Note 1: The balance represents a loan of RMB11,000,000 to Pingxiang Xinao CF plus interest accrued at 4.35% per annum until October 16, 2019 when the Group entered a supplemental agreement with Pingxiang Xinao CF to waive accruing interest from October 17, 2019 and onwards. As at 31 December 2025, the outstanding balance is not expected to be repaid within 12 months and therefore the amount is classified as non-current asset.

Note 2: The balance as at December 31, 2025 represented staff advances to a member of management for business purpose. Such advances were fully reimbursed in the first quarter of 2026.

Details of impairment assessment of the respective amounts due from related parties and non-controlling interests of a subsidiary are set out in note 41(b).

Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Short-term benefits	3,783	3,576

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals of the Group and market trends.

30. AMOUNTS DUE FROM NON-CONTROLLING INTERESTS OF A SUBSIDIARY

The balance represents the loan to Sichuan Tianzhiyuan Energy Technology Limited as unsettled capital injected into Meishan Hengtai Tianzhiyuan Energy Co., Ltd. bearing interest at 5.88% per annum amounted to RMB2,766,000 (2024: RMB2,649,000). In the opinion of the management of the Company, the outstanding balance is not expected to be repaid within 12 months after the end of reporting period and therefore the amount is classified as non-current asset.

31. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Commenced pipeline installation and connection projects	54,265	47,714
Receipts in advance from customers		
- Pipeline installation and connection projects prior to commencement	18,724	16,702
- Natural gas sales and others	51,985	46,709
	124,974	111,125

As at January 1, 2024, contract liabilities amounting to RMB117,730,000.

During the year ended December 31, 2025, RMB 38,635,000 (2024: RMB33,470,000) and RMB 22,863,000 (2024: RMB31,528,000) of carried-forward contract liabilities arose from natural gas sales and pipeline installation and connection projects has been recognised as revenue, respectively.

32. SHORT-TERM BANK BORROWINGS

The Group's short-term bank borrowings comprise:

Lenders	Secured/ unsecured	Contractual interest rate	Effective interest rate 2025	Effective interest rate 2024	Carrying amount 2025 RMB'000	Carrying amount 2024 RMB'000	Notes
Bank of China, Beihai	Secured	For the initial period: 1-year loan prime rate ("LPR") plus 10 basis points For subsequent floating periods: year loan prime rate ("LPR") plus 45 basis points, repricing every 12 months	3.10%	-	1,000	-	(a)
Bank of Communications, Sanya	Secured	Fixed rate at 3.1%	3.10%	-	8,000	-	(b)
Hainan Bank	Secured	Fixed rate at 3.1%	3.10%	-	7,000	-	(c)
Industrial Bank	Secured	Fixed rate at 2.9%	2.90%	-	5,000	-	(d)
Bank of China, Sanya	Secured	1-year loan prime rate("LPR"), repricing every 12 months	3.00%	-	10,000	-	(e)
China Everbright Bank, Sanya	Secured	Fixed rate at 3.2%	3.20%	-	10,000	-	(f)
Bank of Communications, Sanya	Secured	1-year loan prime rate ("LPR") minus 7 basis points, repricing every 12 months	3.10%	-	8,000	-	(b)
China CITIC Bank, Sanya	Unsecured	Fixed rate at 2.9%	2.90%	-	10,000	-	(g)
China CITIC Bank, Sanya	Secured	Fixed rate at 3.05%	3.05%	-	29,000	-	(g)
Hainan Bank	Secured	Fixed rate at 2.8%	2.8%	-	5,000	-	(c)
Bank of China, Beihai	Secured	1-year loan prime rate ("LPR")	-	3.35%	-	1,000	(h)
China Everbright Bank, Sanya	Secured	Fixed rate at 2.8%	-	2.80%	-	8,000	(i)
Bank of Communications, Sanya	Secured	Fixed rate at 3.45%	-	3.45%	-	8,000	(j)
Hainan Bank	Secured	Fixed rate at 3.3%	-	3.30%	-	8,000	(k)
Industrial Bank	Secured	Fixed rate at 2.9%	-	2.90%	-	3,000	(l)
Bank of China, Sanya	Secured	1-year loan prime rate ("LPR"), repricing every 12 months	-	3.45%	-	10,000	(m)
China Everbright Bank, Sanya	Secured	Fixed rate at 3.45%	-	3.45%	-	10,000	(i)
Bank of Communications, Sanya	Secured	1-year loan prime rate ("LPR") minus 7 basis points, repricing every 12 months	-	3.38%	-	8,000	(j)
China CITIC Bank, Sanya	Unsecured	Fixed rate at 2.9%	-	2.90%	-	10,000	(n)
China CITIC Bank, Sanya	Secured	Fixed rate at 3.05%	-	3.05%	-	29,000	(n)
Hainan Bank	Secured	Fixed rate at 2.8%	-	2.80%	-	5,000	(k)
Total short-term debts					93,000	100,000	

32. SHORT-TERM BANK BORROWINGS - continued

Notes:

(a) On October 16, 2025, the Group entered into an agreement with Bank of China, Beihai, to secure a one-year bank loan in the amount of RMB 1,000,000. The loan is guaranteed by CF China.

(b) On March 17, 2025 and May 21, 2025, the Group entered into two agreements with Bank of Communications, Sanya, to secure one-year bank loans in the aggregate amount of RMB 16,000,000. The loan is guaranteed by CF China.

(c) On June 11, 2025 and December 27, 2025 the Group entered into two agreements with Hainan bank, to secure one-year bank loans in the aggregate amount of RMB 13,000,000. The loan is guaranteed by CF China and the Chair of the Group.

(d) On March 4, 2025, the Group entered into an agreement with Industrial Bank, to secure a one-year bank loan in the amount of RMB 5,000,000. The loan is guaranteed by CF China.

(e) On June 26, 2025, the Group entered into an agreement with Bank of China, Sanya, to secure a one-year bank loan in the amount of RMB 10,000,000. The loan is guaranteed by CF China.

(f) On June 12, 2025, the Group entered into an agreements with China Everbright Bank, Sanya, to secure one-year bank loans in the amount of RMB 10,000,000. The loan is guaranteed by CF China and the Chair of the Group.

(g) On June 4, 2025 and June 5, 2025, the Group entered into two agreements with China CITIC Bank, Sanya, to secure one-year bank loans in the aggregate amount of RMB 39,000,000, of which RMB 10,000,000 is unsecured and RMB 29,000,000 is guaranteed by the Chair of the Group.

(h) On August 28, 2024, the Group entered into an agreement with Bank of China, Beihai, to secure a one-year bank loan in the amount of RMB 1,000,000. The loan is guaranteed by CF China.

(i) On December 12, 2024 and May 29, 2024, the Group entered into two agreements with China Everbright Bank, Sanya, to secure one-year bank loans in the aggregate amount of RMB 18,000,000. The loan is guaranteed by CF China and the Chair of the Group.

(j) On March 28, 2024 and March 6, 2024, the Group entered into two agreements with Bank of Communications, Sanya, to secure one-year bank loans in the aggregate amount of RMB 16,000,000. The loan is guaranteed by CF China.

(k) On June 26, 2024 and December 27, 2024 the Group entered into two agreements with Hainan bank, to secure one-year bank loans in the aggregate amount of RMB 13,000,000. The loan is guaranteed by CF China and the Chair of the Group.

(l) On December 26, 2024, the Group entered into an agreement with Industrial Bank, to secure a one-year bank loan in the amount of RMB 3,000,000. The loan is guaranteed by CF China.

(m) On June 28, 2024, the Group entered into an agreement with Bank of China, Sanya, to secure a one-year bank loan in the amount of RMB 10,000,000. The loan is guaranteed by CF China.

(n) On August 2, 2024, June 28, 2024 and June 19, 2024, the Group entered into three agreements with China CITIC Bank, Sanya, to secure one-year bank loans in the aggregate amount of RMB 39,000,000, of which RMB 10,000,000 is unsecured and RMB 29,000,000 is guaranteed by the Chair of the Group.

33. LONG-TERM DEBTS

	2025 RMB'000	2024 RMB'000
Bank borrowings		
- Secured, with variable rate	386,230	431,058
- Unsecured, with variable rate	-	-
- Secured, with fixed rate	10,456	12,156
	396,686	443,214
The carrying amounts of the above borrowings are repayable:*		
Within one year	86,787	86,080
Within a period of more than one year, but not exceeding two years	74,196	97,060
Within a period of more than two years, but not exceeding five years	142,853	117,656
Within a period of more than five years	92,850	142,418
	396,686	443,214
Less: Amounts due within one year shown under current liabilities	(86,787)	(86,080)
Amounts shown under non-current liabilities	309,899	357,134

33. LONG-TERM DEBTS - continued

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group's long-term debts comprise:

Lenders	Secured/ unsecured	Contractual interest rate	Effective interest rate		Carrying amount		Notes
			2025	2024	2025 RMB'000	2024 RMB'000	
Bank of China, Sanya	Secured	10-year PBOC benchmark borrowing rate, repricing every 12 months	3.65%	4.1%	18,000	36,000	(a)
Bank of China, Sanya	Secured	5-year PBOC benchmark borrowing rate, repricing every 6 months	3.7%	4.15%	23,000	43,000	(b)
Bank of China, Sanya	Secured	5-year loan prime rate ("LPR") plus 20 basis points, repricing every 6 months	4.05%	4.05%	263,860	259,458	(c)
Industrial and Commercial Bank of China, Sanya	Secured	1-year LPR plus 10 basis points, repricing every 6 months	3.55%	3.55%	22,000	24,000	(d)
China Everbright Bank, Sanya	Secured	5-year LPR minus 10 basis points, repricing every 6 months	3.4%	3.85%	-	2,000	(e)
China Everbright Bank, Sanya	Secured	5-year LPR plus 5 basis points, repricing every 6 months	3.45%	4.00%	-	4,000	(e)
China Everbright Bank, Sanya	Secured	5-year LPR minus 30 basis points, repricing every 6 months	3.2%	3.90%	-	8,000	(e)
Sanya Rural Commercial Bank	Secured	Fixed rate	4.3%	4.3%	10,456	12,156	(f)
Bank of China, Sanya	Secured	5-year LPR minus 30 basis points, repricing every 6 months	3.2%	3.65%	24,570	25,610	(g)
Bank of China, Sanya	Secured	1-year LPR minus 19 basis points, repricing every 12 months	3.75%	4.1%	2,500	3,500	(h)
Bank of China, Sanya	Secured	5-year LPR, repricing every 3 months	3.50%	3.60%	24,490	25,490	(i)
Bank of China, Sanya	Secured	5-year LPR, repricing every 3 months	3.50%	-	5,730	-	(j)
Bank of China, Sanya	Secured	5-year LPR, repricing every 3 months	3.50%	-	2,080	-	(i)
Total long-term debts					396,686	443,214	

33. LONG-TERM DEBTS – continued

Notes:

(a) In 2016, the Group entered into an agreement with Bank of China, Sanya to secure a bank loan in the amount of RMB80,000,000. The bank loan was used to fund continued construction of pipeline and associated facilities of the Haitang Bay project in Sanya City. The loan is secured by the gas connection and gas supply rights of CF China, the trade receivables of CF China and CF Engineering and certain property and equipment of CF China with carrying amount of RMB231,600,000 (2024: RMB235,552,000), and guaranteed by CF Engineering. Repayment of the loan began from 2019 and will be fully repaid by 2026.

(b) In 2019, the Group entered into an agreement with Bank of China, Sanya to secure a bank loan in the amount of RMB100,000,000. The bank loan was used to finance the purchase of gas. The loan has a 5-year term from the date of the first initial withdrawal. The loan is secured by the trade receivables of CF China and CF Engineering and certain property and equipment of CF China with carrying amount of RMB 230,910,000 (2024: RMB234,509,000), and guaranteed by CF Engineering. Repayment of the loan began from 2020 and will be fully repaid by 2026.

(c) In 2020 and 2023, the Group entered into an agreement with Bank of China, Sanya to secure a bank loan in the amount of RMB230,000,000 and RMB150,000,000 respectively. The bank loan was used to finance the construction of B energy station and pipeline network supporting project in Sanya Haitang Bay low carbon smart energy comprehensive utilisation demonstration area. The loan has a 15-year term from the date of the first initial withdrawal. The loan is secured by a pledge of certain land use rights with carrying amount of RMB5,300,000 (2024: RMB5,420,000) of EDF CF, trade receivables of EDF CF, and joint liability guarantee of CF China. The loan will begin repayment from 2023 and will be fully repaid by 2035.

(d) In 2023, 2024 and 2025, the Group entered into agreements with Industrial and Commercial Bank of China, Sanya to secure bank loans in the amount of RMB20,000,000, RMB10,000,000 and RMB8,000,000, respectively. The bank loans were used to finance the purchase of gas and daily operations. The loans have a 3-year term from the date of the first initial withdrawal. The loans secured by the agreements entered in 2023 is guaranteed by Hainan Huapu Natural Gas Investment Co ., Ltd with repayment began from 2024 and will be fully repaid by 2026. The loans secured by the agreements entered in 2024 is secured by the trade receivables of CF China and guaranteed by Hainan Huapu Natural Gas Investment Co ., Ltd with repayment beginning in 2025 and will be fully repaid by 2027. The loans secured by the agreements entered in 2025 is secured by CF China with repayment beginning in 2026 and will be fully repaid by 2028.

33. LONG-TERM DEBTS - continued

Notes: - continued

(e) In 2022, the Group entered into three agreements with China Everbright Bank, Sanya to secure bank loans in the amount of RMB10,000,000, RMB20,000,000, and RMB20,000,000, respectively. The bank loans were used to finance the purchase of gas and daily operations. The loans have a 3-year term from the respective date of the first initial withdrawal. The loans are guaranteed by CF Engineering with repayment began from 2023 and will be fully repaid by 2025.

(f) In 2022, the Group entered into an agreement with Sanya Rural Commercial Bank to secure a bank loan in the amount of RMB 14,000,000. The bank loan was used to purchase the EV battery swap station project in Haitang districts of Sanya City, the PRC. The loan has a 6 year term from the date of the first initial withdrawal. The loan is secured by CF China and the Chair of the Group.

(g) In 2023, the Group entered into an agreement with Bank of China, Sanya to secure a bank loan in the amount of RMB 40,000,000. The bank loan was used to fund construction of dispatching and emergency command center in Sanya City, the PRC. The loan is secured by the trade receivables of CF China and CF Engineering, the land use rights of the dispatching and emergency command center with carrying amount of RMB3,007,000, certain property and equipment of CF China with carrying amount of RMB301,174,000 and guaranteed by CF Engineering and Hainan Huapu Natural Gas Investment Co Ltd. The loan is repayable by semi-annual instalments and will be fully repaid by 2033.

(h) In 2023, the Group entered into an agreement with Bank of China, Sanya to secure a bank loan in the amount of RMB5,000,000. The bank loan was used to fund construction of EV battery swap station project in Beihai City, the PRC. The loan is guaranteed by CF China. The loan is repayable semi-annual instalments and will be fully repaid by 2028.

(i) In 2024 and 2025, the Group entered into an agreement with Bank of China, Sanya to secure a bank loan in the amount of RMB25,490,000 and RMB2,080,000, respectively. The bank loans were used to repay the loan invested in the relocation project of the first station in Nanshan, Sanya City, the PRC. The loan is secured by a pledge of certain land use rights with carrying amount of RMB16,767,000 of CF China and guaranteed by CF China. The loan entered into in 2024 is repayable in semi-annual instalments and will be fully repaid by 2033. The loan entered into in 2025 is repayable beginning in 2033 and will be fully repaid by 2033.

(j) In 2025, the Group entered into an agreement with Bank of China, Sanya to secure a bank loan in the amount of RMB6,230,000. The bank loan was used for the construction and development of the Second Gas Source Station Project in Sanya City, the PRC. The loan is secured by the trade receivables of CF China, and CF Engineering and certain property and equipment of CF China with carrying amount of RMB236,568,000, and guaranteed by CF Engineering. The loan is secured by the land use rights with carrying amount of RMB47,001,000.The loan is repayable semi-annual instalments and will be fully repaid by 2028.

34. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	689	1,033
Within a period of more than one year but not more than two years	227	554
Within a period of more than two years but not more than five years	49	94
	965	1,681
Less: Amount due for settlement within 12 months shown Under current liabilities	(689)	(1,033)
Amount due for settlement after 12 months shown under non-current liabilities	276	648

The weighted average incremental borrowing rates applied to lease liabilities is 3.61% (2024: 3.91%).

35. DEFERRED INCOME - GOVERNMENT GRANTS

The Group received RMB5,269,000, RMB2,553,000, RMB12,110,000, RMB9,244,000 and RMB 30,800,000 and RMB2,898,000 in government grants to fund the construction of certain items of property and equipment for the Group's operation in Sanya City in 2012, 2019, 2020, 2022, 2023 and 2024, respectively. These government grants were recognized as a long-term liability and will be recognized in the consolidated statement of profit or loss on the same basis as depreciation of the related property and equipment over the expected useful lives of the relevant assets. As of December 31, 2025, all of the property and equipment are ready for use and RMB2,046,000 (2024: RMB1,935,000) is recognized as other income. As at December 31, 2025, the government grants of RMB52,645,000 (2024: RMB54,691,000) was recognized as a non-current liability.

36. DEFERRED TAX LIABILITIES

	2025 RMB'000	2024 RMB'000
Deferred tax liabilities	9,793	8,396

36. DEFERRED TAX LIABILITIES - continued

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior year:

	Property and equipment RMB'000	Accrued receivables on gas sales RMB'000	Receipts in advance and deferred income RMB'000	Withholding tax on undistributed earnings RMB'000	Intangible assets RMB'000 (Restated)	Right-of-use assets RMB'000 (Restated)	Lease liabilities RMB'000	Right-of-use assets and lease liabilities RMB'000	Total RMB'000
At January 1, 2024	14,369	1,073	(8,679)	432	533	1,119	(777)	-	8,070
(Credit) charge to profit or loss	207	22	82	132	(22)	(452)	357	-	326
At December 31, 2024	14,576	1,095	(8,597)	564	511	667	(420)	-	8,396
(Credit) charge to profit or loss	706	59	944	(47)	(217)	(227)	179	-	1,397
At December 31, 2025	15,282	1,154	(7,653)	517	294	440	(241)	-	9,793

Under EIT law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to RMB685,198,000 at December 31, 2025 (2024: RMB606,156,000), as the Group is able to control the timing of the reversal of the temporary differences.

At the end of the reporting period, the Group has the following unused tax losses and deductible temporary differences available for offset against future profits:

	2025 RMB'000	2024 RMB'000
Loss carried forward	345,805	275,498
Deductible temporary differences	3,578	5,523
	349,383	281,021

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom. Included in unrecognised tax losses are losses of approximately RMB345,805,000 (2024: RMB275,498,000) with expiry dates as disclosed in the following table. Other losses may be carried forward indefinitely.

	2025 RMB'000	2024 RMB'000
2025	-	11,685
2026	17,707	17,707
2027	43,036	43,036
2028	45,689	45,689
2029	37,971	37,971
2030	83,675	-
From 2031 onwards	117,120	118,808
Indefinite	607	602
	345,805	275,498

37. SHARE CAPITAL

(i) Authorised - Unlimited common shares without par value

(ii) Issued and fully paid

	Number of shares		Share capital	
	2025	2024	2025	2024
	'000	'000	RMB'000	RMB'000
At beginning of year	65,885	65,885	70,978	70,978
Issuance of share awards (note 38)	-	-	-	-
At end of year	65,885	65,885	70,978	70,978

No shares were repurchased by the Company during each of the two years ended December 31, 2025 and 2024.

38. SHARE-BASED COMPENSATION

Equity-settled share option scheme of the Company:

The share option scheme of the Company (the "Option Scheme") were adopted for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Under the Option Scheme, the Board may grant options to eligible participants including employees, senior officers and directors (including executive and non-executive directors) of the Company or any of its subsidiaries, suppliers, consultants and advisers who will contribute or have contributed to the Group to subscribe for shares in the Company.

At the annual general meeting of the Company held on July 26, 2019, the shareholders of the Company approved the resolution for the amendments to the existing Option Scheme from the "fixed" option plan to a "rolling" option plan whereby (i) options can be granted to subscribe for up to a maximum number of shares of the Company equal to 10% of the issued and outstanding shares of the Company from time to time; and (ii) subject to the maximum referred to in (i) above, options granted and exercised can be re-granted under the scheme. The Rolling Option Scheme is subject to annual renewal and approval by shareholders at each annual general meeting of the Company after initial approval and the current plan was subsequently approved by the shareholders of the Company at the annual general meeting of the Company held on October 29, 2020 and December 23, 2021.

There were no additional share options granted during each of the two years ended December 31, 2025.

2020 Option

On December 18, 2020, a total of 1,350,000 share options were granted to directors, management and a consultant. The estimated fair values of the options determined at the date of grant were CAD103,148.

The following table discloses details of specific categories of share options and the movements of the Option Scheme during the respective financial years.

38. SHARE-BASED COMPENSATION - continued

Equity-settled share option scheme of the Company: - continued

2020 Option - continued

For the year ended December 31, 2025

Category of grantees	Date of grant	Vesting conditions	Exercisable period	Exercise price per share	Number of share options: Outstanding at 1.1.2025	Granted during the year	Exercised during the year	Expired/ forfeited during the year	Outstanding at 12.31.2025
Employees and management	August 10, 2017	Immediately	10.8.2017 to 9.8.2025	CAD0.63	1,550,000	-	-	(1,550,000)	-
Employees and management	August 18, 2017	Immediately	18.8.2018 to 17.8.2025	CAD0.65	500,000	-	-	(500,000)	-
					2,050,000	-	-	(2,050,000)	-
Weighted average exercise price (CAD)					0.63	-	-	-	-

For the year ended December 31, 2024

Category of grantees	Date of grant	Vesting conditions	Exercisable period	Exercise price per share	Number of share options: Outstanding at 1.1.2024	Granted during the year	Exercised during the year	Expired/ forfeited during the year	Outstanding at 12.31.2024
Employees and management	August 10, 2017	Immediately	10.8.2017 to 9.8.2025	CAD0.63	1,550,000	-	-	-	1,550,000
Employees and management	August 18, 2017	Immediately	18.8.2018 to 17.8.2025	CAD0.65	500,000	-	-	-	500,000
					2,050,000	-	-	-	2,050,000
Weighted average exercise price (CAD)					0.63	-	-	-	0.63

There were no share options exercised during the year ended December 31, 2025 and 2024. In respect of the share options exercisable during the year and the prior year, the weighted average share price was CAD0.63 at the dates of exercise, respectively.

The number of share options exercisable as at December 31, 2025 was nil (2024: 2,050,000).

Fair value of share options granted to directors and employees determined at the date of grant was expensed on the date of grant as all these share options granted were vested immediately.

38. SHARE-BASED COMPENSATION - continued

Equity-settled share option scheme of the Company: - continued

New Long-term Incentive Plan of the Company: - continued

The long-term incentive plan (the "LTIP") was approved by the shareholders of the Company on December 23, 2022 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees that are valuable to the Group. Upon approval, the LTIP superseded and replaced both the Option Scheme and the Award Scheme. Under the LTIP, the Board may grant stock options ("Stock Options"), performance share units ("PSUs"), restricted share units ("RSUs") and deferred share units "DSUs") to eligible participants including employees, senior officers and directors (including executive and non-executive directors) of the Company or any of its subsidiaries, suppliers, consultants and advisers who will contribute or have contributed to the Group to subscribe for shares in the Company.

The aggregate number of shares to be reserved and set aside for issue upon the exercise or redemption and settlement for all stock options granted under the LTIP, together with all other established security-based compensation arrangements of the Company's (being options and/or awards granted under the Option Scheme, the Award Scheme and the LTIP), shall not exceed 10% of the issued and outstanding shares in issue of the Company at the time of granting the award (on a non-diluted basis). The Stock Options component of the LTIP is an "evergreen" plan, thus if the Company issues additional shares in the future, the number of the shares issuable under the LTIP will increase accordingly.

The LTIP is subject to annual renewal and was renewed at the annual general meeting the Company held on November 17, 2025.

39. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Capital expenditure in respect of the acquisition of property and equipment and the construction of pipelines under development contracted for but not provided in the financial statements	85,679	60,157
Capital injection in respect of the investment in Hainan Shanglian Investment Co., Ltd. contracted for but not provided in the financial statements	781	781

40. CAPITAL RISK MANAGEMENT

The Group considers its capital structure to consist of share capital, contributed surplus, retained earnings, short-term bank borrowings, long-term debts and other borrowings. The Group's objectives are to maintain an effective structure that supports its ability to explore strategic business development opportunities in the PRC and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk level. The Group manages its capital structure and makes adjustments to it, based on the funds available to the Group. The Board does not establish quantitative return-on-capital criteria for management, but rather is responsible for overseeing the process undertaken by management to sustain future development of its business.

The Group's strategy is to satisfy its liquidity needs using cash on hand, cash flows generated from operating activities and through credit lines. Revenues, available cash balances, drawdowns on credit lines and long-term bank debts are the Group's principal sources of capital used to pay for operating expenses and capital expenditures in its business.

The Group reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of its operations, is reasonable. The Group monitors its compliance with all of its capital requirements, including financial covenants and non-financial covenants relating to the credit lines and bank loans, as applicable. As at December 31, 2025, the Company was in compliance with all of its covenants.

There were no changes in the Group's approach to capital management during the year ended December 31, 2025.

During the year ended December 31, 2025, nil dividend was declared to the shareholders (2024: nil).

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at amortized cost	177,235	241,396
Equity instruments at FVTOCI	1,219	7,497
Financial liabilities		
Liabilities measured at amortized cost	647,150	731,351

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, pipeline relocation receivables , other receivables and deposits, amounts due from an associate, directors and non-controlling interests of a subsidiary, fixed term bank deposits, restricted bank deposits, bank balances and cash, equity instruments at FVTOCI, derivative financial instrument, trade and other payables, dividend payable to non-controlling interest of a subsidiary, short-term bank borrowings, long-term debts, lease liabilities and other borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. With the majority of the Group's businesses transacted in RMB, the aforesaid currencies are determined as the functional currencies of the Company and its subsidiaries.

The Company and its subsidiaries have foreign currencies included in bank balances and cash and other payables which expose them to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
United States Dollars ("US$")	-	-	467	196
CAD	(296)	(345)	475	3,601
Hong Kong Dollars ("HKD")	(204)	(214)	218	90

41. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk – continued

Foreign exchange risk – continued

Sensitivity analysis

The management of the Company considers that the exposure to fluctuations in exchange rate of US$, CAD and HKD against RMB are not significant and thus no sensitivity analysis is presented.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Group's income or value of or cash flows related to its financial instruments. The Group is exposed to interest rate risk arising from its bank balances, long-term debts and lease liabilities. The Group's interest rate on its long-term debts are based upon the prescribed lending rate of the PBOC and LPR, which is subject to fluctuation, and may result in an increase or decrease in interest expense. The Group does not use derivative instruments to reduce its exposure to interest rate risk.

By excluding the impact of interest capitalization, 1% increase or decrease in the interest rate would have had the following impact on the Group's profit for the year:

	Impact on profit for the year	
	2025	2024
	RMB'000	RMB'000
Interest rate + 1%	(2,433)	(2,322)
Interest rate - 1%	2,433	2,322

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, other receivables and deposits, fixed term bank deposits, bank balances and amounts due from an associate, a director and non-controlling interests of a subsidiary. Other than the security deposits collected from certain customers from gas sales, the Group does not hold any other collateral or other credit enhancements to cover its credit risks associated with its financial assets.

As at December 31, 2025 and 2024, the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at December 31, 2025 and 2024, in relation to each class of recognised financial assets is the carrying amount of those financial assets as stated in the consolidated statement of financial position.

The Group does not have any significant concentration of credit risk for trade receivables. Trade receivables consist of a large number of customers and spread across diverse industries and geographical areas.

41. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

Trade receivables and contract assets arising from contracts with customers

In order to minimize the credit risk of trade receivables and contract assets, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The Group performs impairment assessment under ECL model based on provision matrix. Trade receivables and contract assets are grouped under different provision matrix by nature of products and services based on credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers. Impairment losses, net of reversal of RMB1,775,000 (2024: impairment losses, net of reversal of RMB1,458,000) in respect of trade receivables and contract assets is recognised for the year ended December 31, 2025, of which impairment gain, net of reversal of nil (2024: nil) is related to discontinued operations. Details of the quantitative disclosures are set out below in this note.

Bank balances/fixed term bank deposits/restricted bank deposits

The credit risks on bank balances, fixed term bank deposits and restricted bank deposits are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies. The Group assessed 12m ECL for bank balances, fixed term bank deposits and restricted bank deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances, fixed term bank deposits and restricted bank deposits is considered to be insignificant. No expected credit loss was recognised as the amount involved is insignificant.

Amounts due from an associate and non-controlling interests of a subsidiary

The Group regularly monitors the business performance of the associates and joint venture. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities and the power to participate or jointly control the relevant activities of these entities. The directors of the Company consider that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. No expected credit loss was recognised as the amount involved is insignificant.

41. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group provided impairment based on 12m ECL. For the year ended December 31, 2025 and 2024, the Group assessed the ECL for other receivables and deposits and thus impairment loss, net of reversal of RMB367,000 (2024: impairment loss of RMB5,306,000) on other receivables and deposits was recognized.

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

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12-month ECL
Normal risk	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit-impaired	12-month ECL
High risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

41. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

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

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2025		2024	
					RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortized cost								
Trade receivables - Gas sales	24	N/A	(note)	Lifetime ECL (Provision Matrix)				
				- Current (not past due)	24,911		26,692	
				- 1 - 90 days past due	10,316		2,705	
				- More than 90 days past due	4,603		7,057	
					39,830		36,454	
			Loss	Credit-impaired	2,318	42,148	481	36,935
Trade receivables - Pipeline installation and connection	24	N/A	(note)	Lifetime ECL (Provision Matrix)				
				- Low risk	22,753		25,675	
				- Normal risk	1,471		3,472	
				- High risk	5,176	29,400	4,991	34,138
Pipeline relocation receivables	25	N/A	N/A	12m ECL		15,279		15,082
Bank balances	27	N/A	N/A	12m ECL		50,732		111,695
Restricted bank deposits	27	N/A	N/A	12m ECL		5,400		5,168
Amounts due from related parties	29	N/A	N/A	12m ECL		11,383		11,320
Amounts due from non-controlling interests of subsidiaries	30	N/A	N/A	12m ECL		2,766		2,649
Other items								
Contract assets	23	N/A	(note)	Lifetime ECL (Provision Matrix)				
				- Low risk	27,842		30,439	
				- Normal risk	-		-	
				- High risk	134	27,976	136	30,575

Note: For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired amounting to RMB2,318,000 (2024: RMB481,000) for the year ended December 31, 2025, the Group determines the expected credit losses on these items by using a provision matrix, grouped by past due status and internal credit rating.

41. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

Trade receivables and contract assets

Note (a): collective assessment - debtors' aging (gas sales)

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to natural gas sales because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group received security deposits from certain customers before the supply of natural gas. The following table provides information about the exposure to credit risk for trade receivables as at December 31, 2025 and 2024 within lifetime ECL (not credit impaired).

Gross carrying amount

	Average loss rate	Trade receivables	
		2025 RMB'000	2024 RMB'000
Current (not past due)	0.5%	24,911	26,692
1 - 90 days past due	0.5%	10,316	2,705
More than 90 days past due	2.52%	6,921	7,538
		42,148	36,935

Note(b): Provision matrix - internal credit rating (pipeline installation and connection)

The Group applies internal credit rating for its customers in relation to its pipeline connection and construction operation. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on provision matrix as at December 31, 2025 and 2024 within lifetime ECL (not credit impaired).

Gross carrying amount

Internal credit rating	Loss rate range	Trade receivables		Contract assets	
		2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
A++ to A-: Low risk	0-10%	22,753	25,675	27,842	30,439
B to B-: Normal risk	20-30%	1,471	3,472	-	-
Lower than B-: High risk	50-100%	5,176	4,991	134	136
		29,400	34,138	27,976	30,575

41. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

Trade receivables and contract assets - continued

Note(b): Provision matrix - internal credit rating (pipeline installation and connection) - continued

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management of the Group to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

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

Trade receivables

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at January 1, 2024	4,151	481	4,632
Impairment losses recognised	2,622	-	2,622
Impairment losses reversed	(1,689)	-	(1,689)
As at December 31, 2024	5,084	481	5,565
Impairment losses recognised	408	1,837	2,245
Impairment losses reversed	(4)	-	(4)
As at December 31, 2025	5,488	2,318	7,806

Contract assets

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at January 1, 2024	75	-	75
Impairment losses recognised	532	-	532
Impairment losses reversed	(7)	-	(7)
As at December 31, 2024	600	-	600
Impairment losses recognised	-	-	-
Impairment losses reversed	(466)	-	(466)
As at December 31, 2025	134	-	134

41. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

Trade receivables and contract assets - continued

Note(b): Provision matrix - internal credit rating (pipeline installation and connection) - continued

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group has given considerations to its future performance and cash flow projection through monitoring the utilisation of bank borrowings and ensuring its ability to renew or refinance the banking facilities upon maturity, to meet its financial obligations including the capital commitments.

As at December 31, 2025, the Group had a working capital deficiency of RMB279,563,000. The Group had bank balances and cash of RMB50,732,000 to settle current liabilities of RMB473,209,000. The Group believes that this deficiency can be funded through projected operating cash flows from operations and through securing additional financing from third-party financial institutions.

The contractual maturities of the Group's long-term debts, non-current portion of lease liability and other borrowings are described in notes 33, 34 and 17, respectively. The remaining financial liabilities, consisting of trade and other payables, dividend payable to non-controlling interest of a subsidiary and short-term bank borrowings, the current portion of the long-term debts, lease liability and other borrowings are expected to be realized within one year.

The following tables detail the Group's remaining contractual maturity for its financial liabilities and lease liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

41. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Liquidity risk – continued

	Weighted average effective interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1 - 5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2025							
Trade and other payables		149,800	-	-	-	149,800	149,800
Dividend payable to non-controlling interest of a subsidiary		299	-	-	-	299	299
Bank borrowings							
- fixed rate	3.2	5,025	81,696	-	-	86,721	84,456
- variable rate	3.9	39,118	84,738	161,538	168,243	453,637	405,230
Other borrowings	0.5	681	2,042	4,084	-	6,807	6,403
Lease liabilities	3.61	93	619	281	-	993	965
At December 31, 2025		195,016	169,095	165,903	168,243	698,257	647,153

	Weighted average effective interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1 - 5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2024							
Trade and other payables		177,470	-	-	-	177,470	177,470
Dividend payable to non-controlling interest of a subsidiary		299	-	-	-	299	299
Amounts due to a related party		37	-	-	-	37	37
Bank borrowings							
- fixed rate	3.2	16,109	88,580	10,185	-	114,874	112,156
- variable rate	3.5	31,797	50,259	253,511	150,041	485,608	431,058
Other borrowings	0.5	681	2,042	6,807	-	9,530	8,650
Lease liabilities	3.91	182	897	663	-	1,742	1,681
At December 31, 2024		226,575	141,778	271,166	150,041	789,560	731,351

41. FINANCIAL INSTRUMENTS - continued

(c) Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

There were no transfers between different levels during both years.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31/12/2025	31/12/2024		
Equity instrument	Asset – RMB nil	Asset - RMB6,278,000	Level 3	Market approach - in this approach, the appraisal value of an asset was based on the transaction price of similar items, whether from recent transactions or using market multiples and guideline public company method.
Equity instrument	Asset - RMB1,219,000	Asset - RMB1,219,000	Level 3	Income approach - in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of its investee, based on an appropriate discount rate.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management of the Group considers that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Dividend payable to non-controlling interest of subsidiaries RMB'000	Short-term bank borrowings RMB'000	Long-term debts RMB'000	Other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At January 1, 2024	299	62,700	471,667	10,773	3,108	548,5476
Financing cash flows	-	27,300	(28,453)	(2,123)	(1,327)	(4,603)
Non-cash transactions:						
Accounts payable offset with short-term borrowings	-	10,000	-	-	-	10,000
New leases entered	-	-	-	-	1,123	1,123
Early termination of lease	-	-	-	-	(1,223)	(1,223)
At December 31, 2024 and January 1, 2025	299	100,000	443,214	8,650	1,681	553,844
Financing cash flows	-	(7,000)	(46,528)	(2,247)	(1,058)	(56,833)
Non-cash transactions:						
New leases entered	-	-	-	-	367	367
Early termination of lease	-	-	-	-	(25)	(25)
At December 31, 2025	299	93,000	396,686	6,403	965	497,353

43. PLEDGE OF OR RESTRICTIONS OF ASSETS

Pledge of assets

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	315,336	311,449
Trade receivables and contract assets	84,364	93,703
Right-of-use assets	72,076	25,755
	471,776	430,907

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

44a. General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of Subsidiaries	Place of incorporation/ operations	Registered capital	Issued and fully paid	Proportion ownership interest held by the Company 2025	2024	Proportion of voting power held by the Company 2025	2024	Principal activities
Hainan Energy Ltd. ("HEL")	British Virgin Islands	US$100,000	US$100,000	100%	100%	100%	100%	Investment holding
Indirectly owned by the Company:								
CF China	The PRC	US$10,481,120	US$10,481,120	100%	100%	100%	100%	Gas sales and distribution
CF Engineering	The PRC	RMB20,000,000	RMB20,000,000	100%	100%	100%	100%	Gas pipeline installation and connection
Sanya CF NEI	The PRC	RMB100,000,000	RMB100,000,000	100%	100%	100%	100%	Investment holding
Sanya Changfeng Offshore Natural Gas Design Co., Ltd. ("CF Design")	The PRC	RMB1,000,000	RMB1,000,000	100%	100%	100%	100%	Pipeline connection design
Hunan CNPC Energy Co., Ltd ("Hunan CF CNPC")	The PRC	RMB10,000,000	RMB5,000,000	58%	58%	58%	58%	CNG refuelling station
Hunan CNPC NEI	The PRC	RMB5,000,000	RMB5,000,000	60%	60%	60%	60%	Investment holding
Zhaoqing Gaoyao Hengtai Natural Gas Co., Ltd.	The PRC	RMB10,000,000	RMB10,000,000	60%	61%	60%	61%	Gas sales and distribution and pipeline installation and connection
Sanya Changfeng Clean Energy Co., Ltd.	The PRC	RMB10,000,000	RMB10,000,000	100%	100%	100%	100%	CNG refueling station
Zhuhai Changfeng Energy Import & Export Co., Ltd.	The PRC	RMB10,000,000	-	100%	100%	100%	100%	Investment holding
Sanya Changfeng World Energy Forum Co., Ltd.	The PRC	RMB10,000,000	RMB3,000,000	100%	100%	100%	100%	Management service
Sanya Changfeng International Natural Gas Trading Co., Ltd.	The PRC	RMB50,000,000	RMB1,000,000	100%	100%	100%	100%	Gas-related technology development
Zhaoqing Gaoyao Changheng Xinmingzhu Energy Co., Ltd.	The PRC	RMB50,000,000	-	98%	98%	98%	98%	Gas and CNG distribution
Zhuhai Henghui Energy Co., Ltd.	The PRC	RMB10,000,000	RMB7,500,000	61%	61%	61%	61%	Gas sales and distribution and pipeline installation and construction
Meishan	The PRC	RMB20,000,000	RMB20,000,000	85.5%	71.6%	85.5%	71.6%	Gas sales and distribution and pipeline installation and construction
Hainan Hengtai Energy Co., Ltd.	The PRC	RMB5,000,000	RMB5,000,000	100%	100%	100%	100%	Gas sales and distribution and pipeline installation and construction
Hainan Huapu Energy Co., Ltd.	The PRC	HKD100,000,000	-	100%	100%	100%	100%	Inactive
CF Energy Group (Hainan) Co., Ltd.	The PRC	RMB100,000,000	-	100%	100%	100%	100%	Inactive
CF Energy (Hong Kong) Limited	Hong Kong	HKD1	HKD1	100%	100%	100%	100%	Investment holding and Trading
Eternal Shine Limited	Hong Kong	HKD1	HKD1	100%	100%	100%	100%	Inactive
EDF CF	The PRC	RMB143,000,000	RMB137,000,000	70%	70%	70%	70%	Design, construction and operation of a net work of cooling and hot water supply
Hainan Huapu Engineering Services Co., Ltd. ("Huapu ENG")	The PRC	RMB10,000,000	RMB10,000,000	100%	100%	100%	100%	Construction and warehousing
Huapu Green Energy	The PRC	RMB100,000,000	RMB67,000,000	100%	100%	100%	100%	Inactive
Hainan Huapu Natural Gas Investment Co., Ltd. ("Huapu NG")	The PRC	RMB100,000,000	RMB17,000,000	100%	100%	100%	100%	Investment holding
Hainan Huapu Smart Energy Co., Ltd.	The PRC	RMB100,000,000	RMB32,700,000	100%	100%	100%	100%	Investment holding
Huapu Mobility	The PRC	RMB100,000,000	RMB42,500,000	100%	100%	100%	100%	Provision of EV battery swap service
Zhuhai Huapu New Energy Co., Ltd. ("Zhuhai Huapu")	The PRC	RMB10,000,000	RMB6,200,000	100%	100%	100%	100%	Provision of EV battery swap service

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY - continued

44a. General information of subsidiaries - continued

Name of Subsidiaries	Place of incorporation/ operations	Registered capital	Issued and fully paid	Proportion ownership interest held by the Company 2025	2024	Proportion of voting power held by the Company 2025	2024	Principal activities
Hainan Changfeng Charitable Donation ("CF Charitable Donation")	The PRC	RMB2,000,000		100%	100%	100%	100%	Provision of charity activities
Haikou Huapu New Energy Co., Ltd. ("Haikou Huapu")	The PRC	RMB10,000,000	RMB7,100,000	100%	100%	100%	100%	Provision of EV battery swap service
Liupanshui Huapu New Energy Co., Ltd.	The PRC	RMB20,000,000	RMB2,700,000	60%	60%	60%	60%	Provision of EV battery swap service
Beihai Company	The PRC	RMB50,000,000	RMB5,639,000	42%	42%	42%	42%	Provision of EV battery swap service
SanyaHuapu Green Energy Technology Co., Ltd	The PRC	RMB10,000,000	-	100%	100%	100%	100%	Investment holding
Beihai Anran Automotive Technical Services Co., Ltd	The PRC	RMB5,000,000	RMB800,000	21%	21%	21%	21%	Provision of EV battery swap service
Liupanshui Huapu New Energy&Technology Co., Ltd	The PRC	RMB20,000,000	RMB2,700,000	60%	60%	60%	60%	Provision of EV battery swap service
Xinjiang Huapu Energy Investment Co., Ltd	The PRC	RMB50,000,000	-	100%	100%	100%	100%	Investment holding
Xinjiang Huapu lantian New Energy Co., Ltd	The PRC	RMB50,000,000	-	90%	90%	90%	90%	Inactive
Beijing Lantianhuapu Energy LLC	The PRC	RMB50,000,000	RMB1,000,000	100%	100%	100%	100%	Investment holding
Guangdong Huapu Integrated Energy Service Co., Ltd	The PRC	RMB10,000,000	RMB2,800,000	100%	100%	100%	100%	Construction and warehousing
Qinhuangdao Brighton New Energy Co., Ltd	The PRC	RMB5,000,000	-	60%	60%	60%	60%	Inactive
Jiangmen Huapu Energy Co., Ltd. ("Jiangmen Huapu")	The PRC	RMB10,000,000	RMB7,500,000	70%	70%	70%	70%	Gas sales and distribution and pipeline installation and construction

None of the subsidiaries had issued any debt securities at the end of the year.

44b. Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation registration/ operation	Proportion of ownership interests and voting rights held by non-controlling interests 2025	2024	Profit and total comprehensive income for the year allocated to non-controlling interests 2025 RMB'000	2024 RMB'000	Accumulated non-controlling interests 31.12.2025 RMB'000	31.12.2024 RMB'000
EDF CF	The PRC	30%	30%	(5,237)	(6,016)	13,743	18,980
Hunan CF CNPC	The PRC	42%	42%	(260)	(513)	3,558	3,818
Individual immaterial subsidiaries with non-controlling interests				(841)	(1,788)	(3,738)	(2,897)
				(6,338)	(8,317)	13,563	19,901

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY - continued

44b. Details of non-wholly owned subsidiaries that have material non-controlling interests - continued

Summarized financial information in respect of the subsidiaries that have material non-controlling interests is set out below. The Summarized financial information below represents amounts before intragroup elimination.

Hunan CF CNPC

	2025 RMB'000	2024 RMB'000
Current assets	3,671	6,441
Non-current assets	3,034	2,314
Current liabilities	237	459
Non-current liabilities	-	-
Equity attributed to the owners of the Hunan CF CNPC	2,910	4,478
Non-controlling interests of Hunan CF CNPC	3,558	3,818
Revenue	-	-
Expenses	(620)	(1,222)
Loss and total comprehensive expense for the year	(620)	(1,222)
Loss and total comprehensive expense for the year attributable to the owners of Hunan CF CNPC	(360)	(709)
Loss and total comprehensive expense for the year attributable to non-controlling interests of Hunan CF CNPC	(260)	(513)
Net cash outflow from operating activities	(717)	(729)
Net cash (outflow) inflow from investing activities	(2,000)	5,781
Net cash outflow from financing activities	-	-
Net cash (outflow) inflow	(2,717)	5,052

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – continued

44b. Details of non-wholly owned subsidiaries that have material non-controlling interests - continued

EDF CF

	2025 RMB'000	2024 RMB'000
Current assets	13,790	26,671
Non-current assets	355,207	354,089
Current liabilities	73,811	78,612
Non-current liabilities	239,205	242,392
Equity attributed to the owners of EDF CF	42,238	40,776
Non-controlling interests of EDF CF	13,743	18,980
Revenue	21,813	21,118
Expenses	(39,270)	(41,172)
Loss and total comprehensive expense for the year	(17,457)	(20,054)
Loss and total comprehensive expense attributable to owners of EDF CF	(12,220)	(14,038)
Loss and total comprehensive expense attributable to non-controlling interests of EDF CF	(5,237)	(6,016)
Net cash inflow (outflow) from operating activities	4,695	(6,245)
Net cash outflow from investing activities	(23,989)	(4,780)
Net cash inflow from financing activities	4,401	7,532
Net cash outflow	(14,893)	(3,493)

45. SUBSEQUENT EVENTS

Haitang Bay Integrated Smart Energy Project Government Grant

EDF CF, which holds the Haitang Bay Integrated Smart Energy Project (the "Haitang Bay Project"), has received the first installment of a grant under the National Development and Reform Commission Low Carbon Investment Grant (the "Grant") granted out of the national budget for important low carbon projects in China to the sum of RMB 18,400,000 (approx. CAD3.5 million) in March 2026. The Grant, which represents both an incentive grant and a recognition of the project's status in Hainan as a key low carbon demonstration project, is to be used exclusively in support of the continuing development of the Haitang Bay Project. The second and final installment of the Grant is expected to be the same amount as this first installment, in accordance with the timeline of the project.

45. SUBSEQUENT EVENTS – continued

Loan Discharge Agreement

The Company announces the recent Supreme Court of British Columbia (the "Supreme Court") decision regarding a petition by a shareholder of the Company (the "Petitioning Shareholder") to pursue, in place of the Company, enforcement of the loan discharge agreement for the late Mr. Lin to subscribe for the shares of the Company in the Ontario Superior Court of Justice. While the Supreme Court has granted the Petitioning Shareholder the ability to proceed with an action on behalf of the Company, the Company and the special committee of independent directors are actively reviewing its legal options with its legal counsel. For the avoidance of doubt, the Company would like to emphasis and wishes its shareholders to note that, while reviewing the petition and in arriving at its decision, the Supreme Court did not identify or make findings of any wrongdoings against the Company or its board of directors.

The Company remains focused on protecting shareholder value and will continue to act in the best interests of the Company and all its stakeholders.

Dissolution of an associate company

Sichuan Xiangshu Petrochemical Co., Ltd., an associate company of the Group with effective interest of 23.2%, was dissolved on February 14, 2026.

Short-term bank borrowings and long-term debts

On January 5, 2026 and January 28, 2026, the Group entered into an agreement with the China Everbright Bank, Sanya branch to secure two one-year bank loans in the aggregate amount of RMB30,000,000 with interest at the fixed rate of 3% p.a. The loan is guaranteed by CF Engineering and the Chair of the Group.

On January 9, 2026, the Group entered into an agreement with the China Everbright Bank, Sanya branch to secure one-year bank loan in the amount of RMB20,000,000 with interest at the fixed rate of 3% p.a. The loan is guaranteed by CF China and the Chair of the Group.

On January 12, 2026, the Group entered into an agreement with the Bank of Communications, Sanya branch to secure a one-year bank loan in the amount of RMB2,000,000 with interest at the fixed rate of 3% p.a. The loan is guaranteed by CF China.

On November 29, 2025, the Group entered into an agreement with the Industrial and Commercial Bank of China, Jiangmen branch to secure a bank loan in the amount of RMB45,000,000 with interest at the fixed rate of 3% p.a. First withdrawal of RMB21,548,000 was made in January 2026. The loan is for a period of eight years commencing from the date of first withdrawal. The loan is secured by trade receivables and land use rights of Jiangmen Hupau; guarantees provided by Sanya CF NEI; and pledged equity interests of Jiangmen Huapu held by Sanya CF NEI.