The Hong Kong and China Gas Company Limited
(STOCK CODE : 3)

Towards
a Greener Future

Annual Report 2024

You Are Always In Our Hearts

Dr. the Honourable Lee Shau-kee, GBM,

Former Chairman of the Group

(1928-2025)

Dr. Lee Shau-kee passed away on 17th March 2025. Under his outstanding leadership, Towngas achieved remarkable success, including being recognised as the “Company of the Year” in the gas industry. Dr. Lee earned widespread acclaim for his noble character and business acumen, whilst making significant contributions to the territory’s economic prosperity. He was also a highly respected philanthropist, donating generously to many major educational and community initiatives in Hong Kong, on the Chinese mainland and overseas. The Board expresses its deepest sorrow at Dr. Lee's passing and will continue to further the mission he laid down to develop the Group's businesses.

OUR MISSION

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

OUR VISION

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

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2024 Awards and Recognitions

Best Corporate Governance and ESG Award 2024

ESG Awards (Hang Seng Index Category)

The Hong Kong Institute of Certified Public Accountants

Climate Governance Awards

Listed Company – Executive Directors

Listed Company – Boards

The Hong Kong Institute of Directors

55 Years in Hang Seng Index Award

Hang Seng Indexes Company Limited

Hong Kong Green and Sustainable Finance Awards 2024

Mentor Pioneer Award for ESG Connect Hong Kong Quality Assurance Agency

Sustainability Yearbook (China Edition) 2024

Member

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

S&P Global

Manpower Developer Award Scheme

Super MD 2023-2028

Employees Retraining Board

Hong Kong Q-Mark Service Scheme

Hong Kong Q-Mark Council

The 1st OSH Innovation and Technology Award

Silver Award (Open Category)

Occupational Safety and Health Council and Labour Department

2023-2024 Mechanical Innovation & Implementation Award

2nd Runner Up

Institution of Mechanical Engineers (Hong Kong Branch)

Hong Kong Volunteer Award 2024

Outstanding Corporate Award

The Home and Youth Affairs Bureau and the Agency for Volunteer Service

Industry Cares Recognition Scheme 2024

Best Social Impact Award (Enterprise Group)

Outstanding Caring Award (Enterprise Group)

Federation of Hong Kong Industries

Universal Design Award Scheme 2024/25 (UDAS)

Special Recognition Award

Gold Award

Equal Opportunities Commission

The 23rd Hong Kong Occupational Safety & Health Award

OSH Report Award (Gold Award)

OSH Promotion Award (Silver Award)

and other six major awards

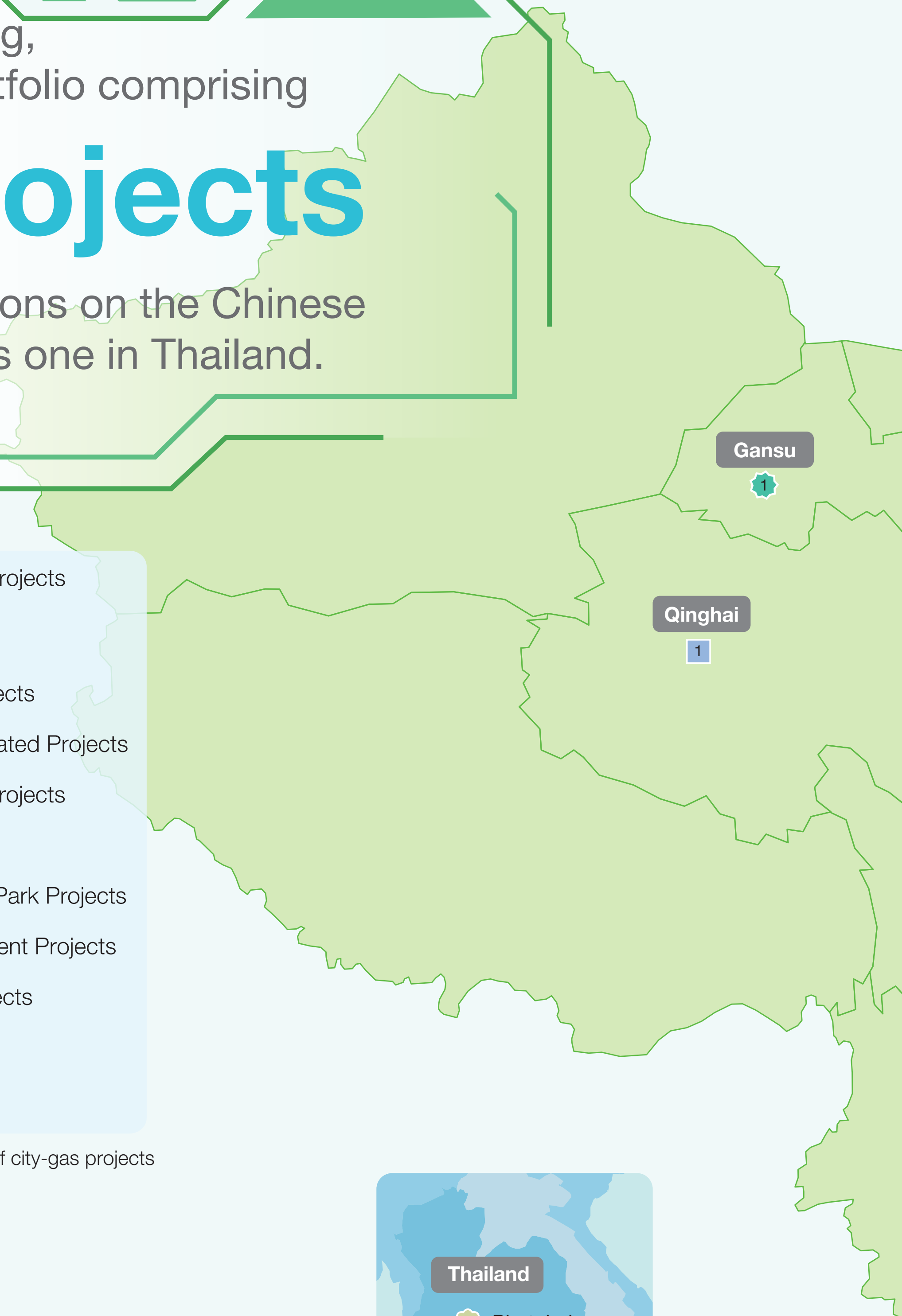
Occupational Safety and Health Council

2024 Business Coverage

Based in Hong Kong, Towngas has a portfolio comprising

970 projects

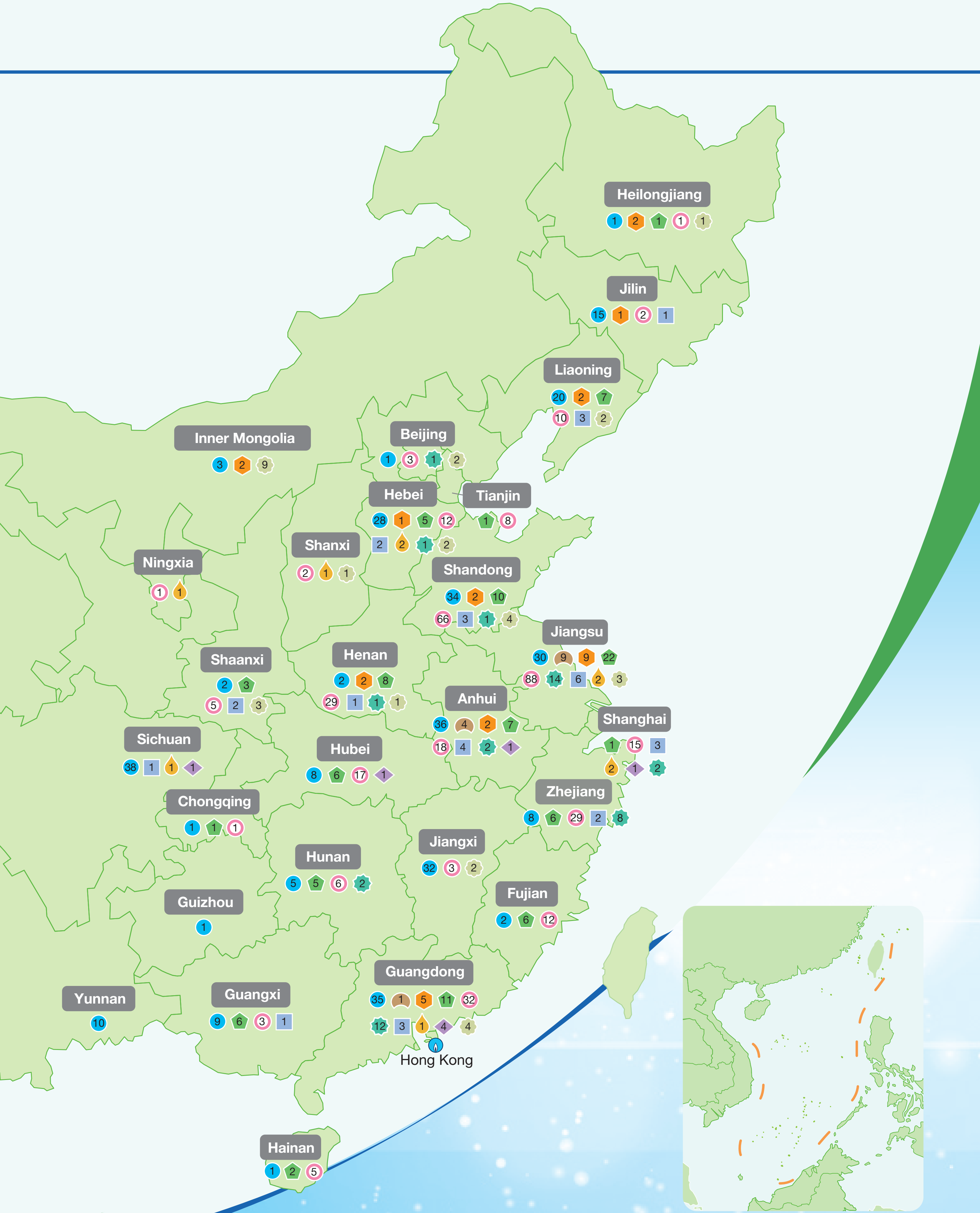
in 29 provincial regions on the Chinese mainland, as well as one in Thailand.



Numbers indicate the quantity of projects in the corresponding regions

- City-Gas Projects
- Water and Environmental Projects
- Midstream and Other Gas-Related Projects
- Gas Resource Supply Chain Projects
- Photovoltaics Projects
- Zero-Carbon Smart Industrial Park Projects
- Energy and Carbon Management Projects
- Other Renewable Energy Projects
- Extended Business Projects
- EcoCeres and Other Projects

2023 year end: 774 projects, inclusive of city-gas projects re-invested by the Group's companies



Heilongjiang
1 2 1 1 1
Jilin
15 1 2 1
Liaoning
20 2 7
10 3 2
Inner Mongolia
3 2 9
Beijing
1 3 1 2
Hebei
28 1 5 12
2 2 1 2
Tianjin
1 8
Shanxi
2 1 1
Ningxia
1 1
Shandong
34 2 10
66 3 1 4
Jiangsu
30 9 9 22
88 14 6 2 3
Shaanxi
2 3
5 2 3
Henan
2 2 8
29 1 1 1
Anhui
36 4 2 7
18 4 2 1
Shanghai
1 15 3
2 1 2
Sichuan
38 1 1 1
Hubei
8 6 17 1
Zhejiang
8 6 29 2 8
Chongqing
1 1 1
Jiangxi
32 3 2
Hunan
5 5 6 2
Guizhou
1
Fujian
2 6 12
Guangdong
35 1 5 11 32
12 3 1 4 4
Hong Kong
Yunnan
10
Guangxi
9 6 3 1
Hainan
1 2 5

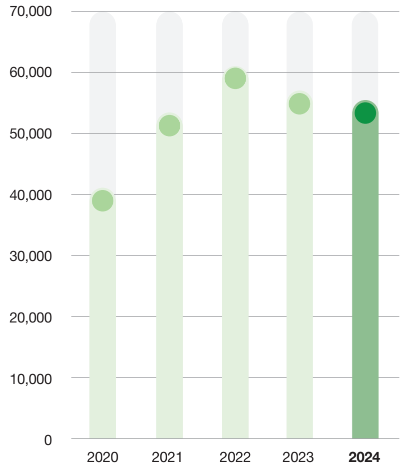
Business Highlights

	2024	2023	Change %
FINANCIAL (GROUP)			
Revenue, HK million dollars	**55,473**	56,971	-3
Profit Attributable to Shareholders, HK million dollars	**5,712**	6,070	-6
Dividends, HK million dollars	**6,531**	6,531	–
SHAREHOLDERS			
Issued Shares, million of shares	**18,660**	18,660	–
Shareholders' Funds, HK million dollars	**57,390**	59,853	-4
Basic Earnings per Share, HK cents	**30.6**	32.5	-6
Diluted Earnings per Share, HK cents	**30.1**	31.6	-5
Dividends per Share, HK cents	**35.0**	35.0	–
Shareholders' Funds, HK dollars per share	**3.1**	3.2	-4
Number of Shareholders as at 31st December	**12,825**	13,177	-3
OPERATING (GROUP)			
Town Gas Sold in Hong Kong, million	**27,159 MJ**	27,125 MJ	–
Gas Sold by City-gas Business on the Chinese mainland, million, natural gas equivalent*	**36,355 m^3**	34,699 m^3	+5
Number of Customers in Hong Kong as at 31st December, thousand	**2,037**	2,020	+1
Number of City-gas Customers on the Chinese mainland as at 31st December, thousand*	**42,491**	40,186	+6
OPERATING (HONG KONG)			
Number of Customers per km of Mains	**585**	582	+1
Installed Capacity, thousand m^3 per hour	**534**	534	–
Installed Capacity, thousand m^3 per day	**12,820**	12,820	–
Peak Hourly Demand, thousand m^3	**500**	496	+1
Maximum Daily Demand, thousand m^3	**6,466**	6,492	–
Number of Employees as at 31st December	**2,169**	2,135	+2
Number of Customers per Employee	**939**	946	-1

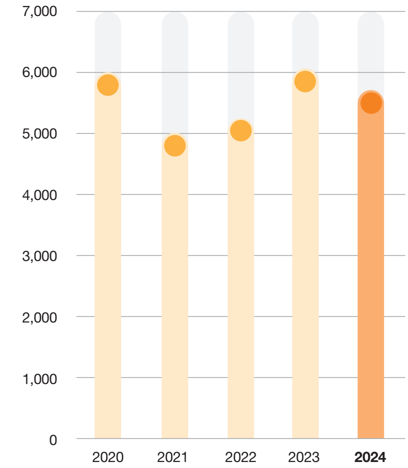
* Inclusive of all mainland city-gas projects of the Group

Five-Year Summary

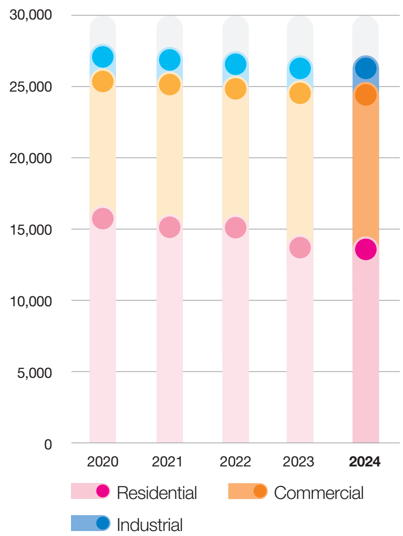
Revenue
(HK$ million)



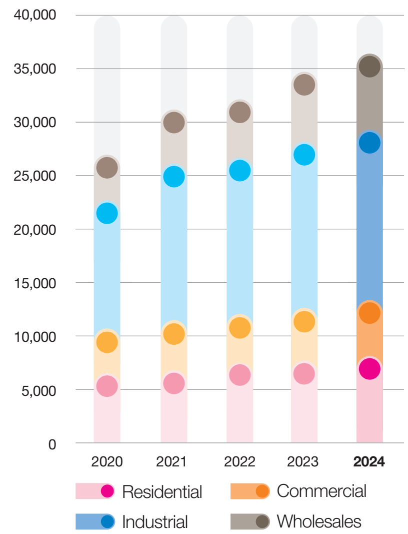
Profit Attributable to Shareholders
(HK$ million)



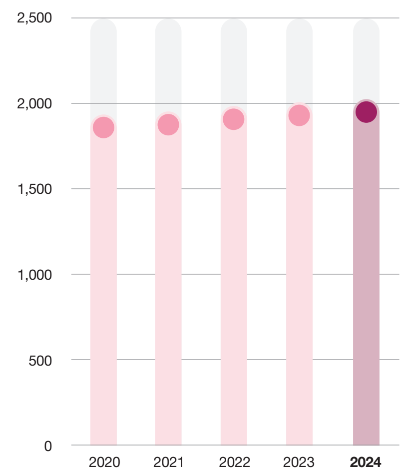
Town Gas Sales (Hong Kong)
(million MJ)



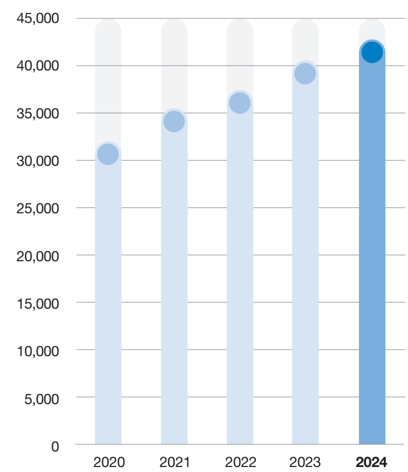
Gas Sales (Mainland City-gas)
(million m³)



Number of Customers (Hong Kong)
(thousand)



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



Chairmen's Statement

"New technologies bring new possibilities, and promoting energy transformation is the essential path along which the Group can progress."

– Dr. the Hon. Lee Ka-kit

"We pursue sustainability to create long-term value for stakeholders."

– Dr. Lee Ka-shing

The global situation is complex with ongoing instability and subdued growth in the global economy, accumulating financial risks, deglobalisation and trade fragmentation, as well as rising risks of geopolitical conflicts, all of which have contributed to a new normal and presented new challenges at the macro level — challenges that we must face collectively in this era of tectonic shifts.

Given this context, we strive to develop a new growth model that focuses on strengthening our core competitiveness and exploring prospective energy sources and technologies. During the year, the Group focused on expanding and advancing growth businesses, including green methanol, hydrogen energy, sustainable aviation fuel and distributed photovoltaics, while continuing to diversify its business profile under an asset-light model. In 2024, the Group managed to maintain steady expansion in its overall operations, an achievement that met expectations but was not easy to come by, and we owe this to the hard work and dedication of all colleagues within the Group.

Final Dividend

The Group's annual revenue reached HK$55,473 million, with core operating profit increasing by 5 per cent to HK$5,955 million. After taking into account non-operating gains and losses, profit attributable to shareholders of the Group before property revaluation amounted to HK$5,668 million, representing an increase of 2 per cent. After property revaluation, profit attributable to shareholders of the Group amounted to HK$5,712 million. Basic earnings per share amounted to HK30.6 cents. The Board is proposing a final dividend of HK23 cents per share payable to shareholders whose names appear on the Company's Register of Members as at 12th June 2025. Together with the interim dividend of HK12 cents per share paid on 11th September 2024, the total dividend payout for the whole year shall be HK35 cents per share.

Hong Kong Utility Business

In 2024, the Group recorded encouraging results with growth across various business segments. The overall volume of gas sales under our gas business in Hong Kong remained stable with a slight increase of 0.1 per cent. During the year, we were pleased to see that local restaurants have increasingly switched to gas appliances, and the use of residential stoves that combine smart features and energy efficiency has further expanded in the Hong Kong market.

Safety and reliability of gas supply remain our paramount concern. To maintain a world-class level of service, all projects have been upgraded to meet the required maintenance standard using a forecast-based maintenance approach, where data is analysed with artificial intelligence and Internet of Things (IoT) technology. Furthermore, the Group has been playing an active role in supporting and participating in the construction and development of the Northern Metropolis, reflecting our positive outlook on the future development of Hong Kong.

City Gas on the Chinese Mainland

The cost pass-through initiative of our city-gas business on the Chinese mainland is progressing well, with over 70 per cent of the city-gas joint ventures achieving residential cost pass-through. Coupled with the drop in international natural gas price, the city-gas dollar margin rebounded remarkably. Meanwhile, to support local governments in promoting the implementation of the "One City, One Enterprise" policy, the Group is advancing the optimisation and restructuring of gas projects in Chaozhou, Jinan, Dalian, among other regions, during the year to further enhance the value of its city-gas assets.

Thirty years have passed since 1994, when the Group first ventured into the Chinese mainland market and began contributing to the development of the country's natural gas industry, marking a significant milestone. In alignment with the national "dual carbon" strategy, we have developed projects to apply biomass natural gas in Jiangsu, Zhejiang, Shandong, and Sichuan, and are steadily advancing a hydrogen blending in natural gas project named "Bringing Hydrogen into Households". These initiatives are committed to providing cleaner energy to the general public.

To cope with the impact of international affairs on gas resources and gas prices, the Group has initiated a "1+3" strategic cooperation with PipeChina and three major national petroleum corporations, striving to build a dual gas source model of "offshore gas + onshore gas". In the future, we will continue to strengthen internal infrastructure and seek further cooperation with external parties to improve the mobility of our resource pool, secure supply and reduce costs.

Renewable Energy

With respect to renewable energy, the Group's subsidiary Towngas Smart Energy Company Limited ("Towngas Smart Energy", stock code: 1083.HK) adopted an asset-light business model. As a result, it successfully signed up strategic investors for a number of projects, with its core business continuing to reap profit throughout the year. Currently, the Group operates over 1,000 renewable energy projects in 24 provincial-level regions across the Chinese mainland. With our grid-connected photovoltaic capacity reaching 2.3 GW and electricity generation amounting to 1,830 million kWh, this sector has become a new driver of the Group's profit growth.

Our Energy as a Service ("EaaS") initiative has been progressing steadily. Building on its photovoltaic customer base, the Group has established an integrated energy service model of "photovoltaics + energy storage + electricity sales" to facilitate the energy management of its customers. Such model offers significant competitive advantages within the industry.

In 2024, Towngas Smart Energy's overall revenue increased by 7.4 per cent to HK$21,314 million; while its core operating profit increased by 34.5 per cent to HK$1,601 million (an increase of 37.2 per cent in RMB term). Profit attributable to shareholders of Towngas Smart Energy amounted to HK$1,606 million, representing an increase of HK$31 million over the previous year.

Green Energy

We have developed a new growth model to promote our growth businesses such as green energy through a multi-pronged approach. In particular, the Group's green methanol production plant in Inner Mongolia is expected to increase its annual production capacity to 150,000 tonnes by the end of 2025. In response to the strong global demand for green methanol, we aim to further increase its capacity to 300,000 tonnes per year by 2028. In addition, the Group has signed a cooperation framework agreement with Foran Energy Group Company Limited. Under this agreement, both parties will jointly establish an investment platform, with a planned investment of RMB10,000 million to develop a total annual capacity of 1 million tonnes of green methanol. Construction of a new green methanol plant will begin in mid-2025, with initial annual production capacity expected to reach 200,000 tonnes by 2028. We are confident that this will help Hong Kong and the Greater Bay Area consolidate their position and competitiveness as a major shipping hub.

In terms of hydrogen energy development, we are among the first to support the HKSAR Government's Strategy of Hydrogen Development in Hong Kong. We have launched Hong Kong's first green hydrogen project in a landfill in Tseung Kwan O, utilising landfill biogas to generate green hydrogen. We also worked with business partners to develop the hydrogen power generation business, promoting green practices at construction sites in Hong Kong, hydrogen charging piles, and more. Looking ahead, we aim to contribute our expertise to the establishment of a hydrogen energy standard certification in Hong Kong, laying a foundation for the application and development of hydrogen energy in the city.

Extended Businesses

In terms of the extended businesses, the Group has integrated Towngas Lifestyle, its brand on the Chinese mainland, with its Hong Kong retail business, leveraging the vast customer base of 44 million households to promote the three business divisions of smart kitchens, insurance, and home safety, all of which have become a key growth driver.

Environmental, Social and Governance

On the environmental, social and governance ("ESG") front, the Group once again received a series of prestigious awards and honours during the year, including, inter alia, ranking among the "Top 1%" of Chinese companies in the S&P Global CSA Score in the gas utilities category and continuing to receive the "UNSDG Achievement Awards Hong Kong". We also successfully organised the "Biodiversity and New Energies Symposium" to inspire the community to foster a harmonious coexistence between humanity and nature. We would like to extend our gratitude to those who have supported and encouraged our works. Looking forward and as always, we will continue to fulfill our corporate social responsibilities and care for and give back to the community.

Business Outlook for 2025

The Hong Kong and China Gas Company Limited has been accumulating valuable experience and achievements throughout its journey of more than 160 years. However, over the passage of time and with a much-changed world, our business development and management model must evolve to meet the challenges across various aspects. The Group will focus on its core businesses and accelerate their integration, while continuing to reduce costs and increase efficiency. We will enhance team performance, optimise cash flow management, and foster business development with a forward-looking vision. Our goal is to provide solutions that address the pressing climate and energy crises.

Looking ahead to the new year, we expect gas sales in Hong Kong to maintain steady growth as the city's tourism industry rebounds, and initiatives such as the Top Talent Pass Scheme bring in tens of thousands of new arrivals. The development of the Northern Metropolis is also expected to create new opportunities for our business in Hong Kong. On the Chinese mainland, the country's commitment to developing new and high technologies has yielded rewards across various sectors, driving the demand for industrial gas, particularly with the accelerated development of new energy vehicles, lithium batteries, solar cells, semiconductors and other industries. The Group will press ahead with its "Gas+" business to provide high-quality integrated energy services to industrial and commercial customers. We will also actively develop bio-natural gas grid connection projects and exploring business opportunities for hydrogen blending in natural gas pipelines.

For the gas resources business, the Group will further deepen its strategic cooperation with PipeChina and the three major national petroleum corporations to build a diversified resource pool and strengthen its ability to acquire high-quality upstream resources. At the same time, we will strive to bolster the development of international trading business platforms, seize opportunities to import spot liquefied natural gas ("LNG"), and establish gas resource consumption channels based on long-term agreement for overseas LNG imports. In addition, in 2025, we will see two new gas wells commence operation as part of the second phase of the gas storage facility in Jintan. This will raise the facility's total storage capacity to approximately 480 million cubic metres, apart from also bolstering the national "West-to-East Gas Pipeline" and "Sichuan-to-East Gas Pipeline" networks' injection/extraction and emergency peak-shaving capabilities.

In terms of renewable energy, with our photovoltaic business already yielding profits, the Group will continue to leverage its strong industrial and commercial customer base. In this regard, we will focus on expanding our energy storage projects and actively accelerate the development of our EaaS business to seize the opportunities, and tackle the challenges, arising from time-of-use electricity pricing reforms as well as the rapid market integration of new energy power generation developments.

In 2025, the Group will continue to respond to the policy needs and demands of the international market, while also expanding and strengthening the green energy initiatives across maritime, land and air transportation sectors. In particular, the green methanol project in Foshan will commence construction in mid-2025 aiming at achieving an initial annual production capacity of 200,000 tonnes of green methanol by 2028 in order to serve major ports in South China, including Kwai Chung Terminals in Hong Kong, Nansha Port in Guangzhou and Yantian Port in Shenzhen as well as those in Southeast Asia.

In terms of the extended businesses, our strategic objective is to provide excellent services to a vast market comprising over 44 million customers, aiming to maintain steady earnings growth. We will also develop a more diversified product profile and broaden our market to achieve rapid growth.

In 2025, the Group will continue to advance its digital systems, with a particular focus on enhancing the capabilities of our Artificial Intelligence Internet of Things (AIoT) platform. This will enable us to maximise the value of data through accumulation and transformation.

Going forward, we will continue to embrace technological innovation. By organising the TERA-Award Smart Energy Innovation Competition, we aim to discover more zero-carbon projects and green unicorns, accelerating the transition of scientific research achievements from the laboratory to the market, ultimately benefitting humanity. We firmly believe that new technologies bring new possibilities, and promoting energy transformation is the essential path along which the Group, the community, and the country can progress.

Partnering for Success, Reaching New Heights

We would like to express our sincere gratitude to all colleagues of the Group for their hard work and unwavering dedication, which have contributed to our remarkable achievements despite the challenges we encountered. Last year, 70 of our colleagues successfully traversed the Gobi Desert on foot, accomplishing the task with exceptional determination. The way in which they supported one another and worked cohesively was truly inspiring. As we move forward, we are confident that the Group will continue to nurture this spirit of collaboration and unity to overcome future challenges, while creating long-term value for our stakeholders through ongoing advancements in sustainability.

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

19th March 2025

Board of Directors

Dr. the Hon. Lee Ka-kit
GBM, GBS, JP, DBA (Hon)
Chairman & Non-executive Director

Aged 61. Dr. the Hon. Lee was appointed to the Board of Directors of the Company in 1990 and subsequently appointed Chairman in May 2019. He was educated in the United Kingdom. He is a Chairman and Managing Director of Henderson Land Development Company Limited ("Henderson Land Development") and a Vice Chairman of Henderson Investment Limited. Dr. Lee was appointed as a Non-executive Director and the Chairman of the Board of Towngas Smart Energy Company Limited, a subsidiary of the Company, with effect from 25th October 2021. All the above companies are listed public companies. He is also a Vice Chairman of Henderson Development Limited ("Henderson Development") and a Director of Hopkins (Cayman) Limited ("Hopkins"), Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"). Henderson Land Development, Henderson Development, Hopkins, Rimmer and Riddick have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance (please refer to the notes on "Substantial Shareholders and Others" on page 71 of this Annual Report for details). Dr. Lee was awarded the Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region in 2024 in recognition of his dedicated service and tremendous contributions to the community. He is a Member of the Standing Committee of the 14th National Committee of the Chinese People's Political Consultative Conference and a Member as well as the Chairman of the Board of Directors of One Country Two Systems Research Institute. Dr. Lee was awarded an Honorary University Fellowship by The University of Hong Kong in 2009, and was also awarded an Honorary Degree of Doctor of Business Administration by Edinburgh Napier University in 2014. He is the brother of Dr. Lee Ka-shing, a Chairman and Non-executive Director of the Company.

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

Dr. Lee Ka-shing

GBS, JP, DSSc (Hon)

Chairman & Non-executive Director

Aged 53. Dr. Lee was appointed to the Board of Directors of the Company in 1999 and subsequently appointed Chairman in May 2019. He was educated in Canada. He is a Chairman and Managing Director of Henderson Land Development Company Limited ("Henderson Land Development"), the Chairman and Managing Director of Henderson Investment Limited as well as the Chairman and Chief Executive Officer of Miramar Hotel and Investment Company, Limited, all of which are listed public companies. Dr. Lee is also a Vice Chairman of Henderson Development Limited ("Henderson Development") and a Director of Hopkins (Cayman) Limited ("Hopkins"), Rimmer (Cayman) Limited ("Rimmer"), Riddick (Cayman) Limited ("Riddick"), Disralei Investment Limited ("Disralei Investment"), Medley Investment Limited ("Medley Investment"), Faxson Investment Limited ("Faxson Investment"), Chelco Investment Limited ("Chelco Investment"), Macrostar Investment Limited ("Macrostar Investment") and Timpani Investments Limited ("Timpani Investments"). Henderson Land Development, Henderson Development, Hopkins, Rimmer, Riddick, Disralei Investment, Medley Investment, Faxson Investment, Chelco Investment, Macrostar Investment and Timpani Investments have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance (please refer to the notes on "Substantial Shareholders and Others" on page 71 of this Annual Report for details). He is a member of the Court of The University of Hong Kong, the Court of The Hong Kong Polytechnic University and the Court of City University of Hong Kong. He was awarded an Honorary Fellowship by University College London in 2021 and an Honorary Degree of Doctor of Social Science by The Hang Seng University of Hong Kong in 2022. He is also a Member of the 14th Beijing Municipal Committee of the Chinese People's Political Consultative Conference. Dr. Lee is the brother of Dr. the Hon. Lee Ka-kit, a Chairman and Non-executive Director of the Company.

Lee Ka-shing
Chairman

Poon Chung-kwong

Colin Lam Ko-yin

Peter Wong Wai-yee

Chan Ying-lung

Dr. Colin Lam Ko-yin

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

Non-executive Director

Aged 73. Dr. Lam was appointed to the Board of Directors of the Company in 1983. He has more than 51 years' experience in banking and property development. He is the Deputy Chairman of The University of Hong Kong Foundation for Educational Development and Research, a Director of Fudan University Education Development Foundation, an honorary Court member of Hong Kong Baptist University, a member of the Court of The Hong Kong University of Science and Technology and a member of the Court of City University of Hong Kong. He was awarded an Honorary University Fellowship by The University of Hong Kong in 2008, an Honorary Fellowship by The Chinese University of Hong Kong in 2019, and was conferred a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2015, a degree of Doctor of Business Administration (Honoris Causa) by The Hong Kong University of Science and Technology in 2021 and a degree of Doctor of Social Sciences (Honoris Causa) by The University of Hong Kong in 2023. He is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors. Dr. Lam is a Vice Chairman of Henderson Land Development Company Limited ("Henderson Land Development") and Henderson Investment Limited, the Chairman of Hong Kong Ferry (Holdings) Company Limited, and an Executive Director of Miramar Hotel and Investment Company, Limited, all of which are listed public companies. Dr. Lam is a Director of Henderson Development Limited ("Henderson Development"), Hopkins (Cayman) Limited ("Hopkins"), Rimmer (Cayman) Limited ("Rimmer"), Riddick (Cayman) Limited ("Riddick"), Disralei Investment Limited ("Disralei Investment"), Medley Investment Limited ("Medley Investment") and Macrostar Investment Limited ("Macrostar Investment"). Henderson Land Development, Henderson Development, Hopkins, Rimmer, Riddick, Disralei Investment, Medley Investment and Macrostar Investment have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance (please refer to the notes on "Substantial Shareholders and Others" on page 71 of this Annual Report for details).

Mr. Andrew Fung Hau-chung

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

Non-executive Director

Aged 67. Mr. Fung was appointed to the Board of Directors of the Company in June 2022. Mr. Fung is an Executive Director and the Chief Financial Officer of Henderson Land Development Company Limited ("Henderson Land Development"), a controlling shareholder of the Company and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Henderson Land Development has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance (please refer to the notes on "Substantial Shareholders and Others" on page 71 of this Annual Report for details). He holds the Bachelor of Arts Degree from The University of Hong Kong and the Honorary Fellowship awarded by Lingnan University. He was awarded the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2024. Mr. Fung served as an executive director and the Head of Global Banking and Markets of Hang Seng Bank Limited, a listed company on the Main Board of the Stock Exchange, before he stepped down from such positions in July 2017. He has been engaged in the banking industry since graduation, serving at Societe Generale, The Hongkong and Shanghai Banking Corporation Limited, Commonwealth Bank of Australia, Hong Kong Branch and DBS Bank (Hong Kong) Limited. He has 43 years of experience in banking, capital markets and asset management. He is the Professor of Practice (Finance) in the School of Accounting and Finance of The Hong Kong Polytechnic University, the Adjunct Professor of The Hang Seng University of Hong Kong and a member of the school management committee of Buddhist Tai Hung College. Mr. Fung is currently a trustee of The D.H. Chen Foundation, a member of the Cantonese Opera Advisory Committee, a member of the Cantonese Opera Development Fund Advisory Committee, a member of the Banking Review Tribunal, a board member of The Community Chest of Hong Kong, a non-executive director of the

Accounting and Financial Reporting Council and a non-executive director of the Insurance Authority. Mr. Fung had previously been a board member of the Hospital Authority, a board member of the Airport Authority Hong Kong, a director of The Hong Kong Mortgage Corporation Limited, an associate member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region, a lay council member of the Hong Kong Institute of Certified Public Accountants, a client representative director of OTC Clearing Hong Kong Limited, the chairman of the Hospital Governing Committee of Pamela Youde Nethersole Eastern Hospital and a member of the Court of The University of Hong Kong.

Dr. the Hon. Sir David Li Kwok-po

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

Independent Non-executive Director

Aged 86. Sir David was appointed to the Board of Directors of the Company in 1984. Sir David is the Executive Chairman of The Bank of East Asia, Limited. He is an Independent Non-executive Director of The Hongkong and Shanghai Hotels, Limited and San Miguel Brewery Hong Kong Limited. He was previously an Independent Non-executive Director of Vitasoy International Holdings Limited. All the above companies are listed public companies. Sir David is a Member of the Council of the Treasury Markets Association. He is Founding Chairman of The Friends of Cambridge University in Hong Kong Limited, Chairman of the Advisory Board of The Salvation Army Hong Kong and Macau Territory, Chairman of the Executive Committee of St. James' Settlement and a Fellow of the Hong Kong Academy of Finance. He was a Member of the Executive Council of Hong Kong from 2005 to 2008 and the Legislative Council of Hong Kong from 1985 to 2012.

Prof. the Hon. Poon Chung-kwong

GBM, GBS, OBE, JP, PhD, DSc

Independent Non-executive Director

Aged 85. Prof. the Hon. Poon was appointed to the Board of Directors of the Company in 2009. Prof. Poon is currently the Chairman of Virya Foundation Limited (a registered non-profit charitable organisation). Prof. Poon is an Emeritus Professor and the President Emeritus of The Hong Kong Polytechnic University. He had devoted 40 years of his life to advancing university education in Hong Kong before he retired in January 2009 from his 18-year presidency at The Hong Kong Polytechnic University. Prof. Poon is an Independent Non-executive Director of Henderson Land Development Company Limited ("Henderson Land Development") and Chevalier International Holdings Limited. He was previously a Non-executive Director of Lee & Man Paper Manufacturing Limited. All the above companies are listed public companies. Henderson Land Development has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance (please refer to the notes on "Substantial Shareholders and Others" on page 71 of this Annual Report for details). Prof. Poon was appointed as a Justice of the Peace in 1989 and received the OBE award in 1991, the Gold Bauhinia Star award in 2002, the "Leader of the Year Awards 2008 (Education)" and also the Grand Bauhinia Medal award in 2023. In addition, he was appointed as a member of the Legislative Council of Hong Kong (1985-1991) and a member of the National Committee of the Chinese People's Political Consultative Conference (1998-2013). Prof. Poon obtained a Bachelor of Science (Honours) Degree from The University of Hong Kong, a Doctor of Philosophy Degree and a Higher Doctor of Science Degree from the University of London. He was a Postdoctoral Fellow at the California Institute of Technology, University of Southern California and University of Toronto. He also held the Honorary Degree of Doctor of Humanities from The Hong Kong Polytechnic University in 2009.

Dr. the Hon. Moses Cheng Mo-chi

GBM, GBS, OBE, JP

Independent Non-executive Director

Aged 75. Dr. the Hon. Cheng was appointed to the Board of Directors of the Company in January 2019. Dr. Cheng is a practising solicitor and the senior consultant of Messrs.

P.C. Woo & Co. after serving as its senior partner and consultant from 1994 to January 2023. Dr. Cheng was a member of the Legislative Council of Hong Kong. He is a non-official member of the Executive Council of the Hong Kong Special Administrative Region since 1st July 2022. Dr. Cheng was the founder Chairman of the Insurance Authority and The Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. In addition, he is a Fellow of the Hong Kong Academy of Finance. Dr. Cheng has been an independent non-executive director of Towngas Smart Energy Company Limited, a subsidiary of the Company, since May 2007. He also currently holds directorships in Guangdong Investment Limited, K. Wah International Holdings Limited, Liu Chong Hing Investment Limited and Tian An China Investments Company Limited. All the above companies are listed public companies. He was previously an independent non-executive director of China Mobile Limited and China Resources Beer (Holdings) Company Limited.

Prof. Anna Wong Wai-kwan

JD, MBA, BA

Independent Non-executive Director

Aged 65. Prof. Wong was appointed to the Board of Directors of the Company in June 2024.
Prof. Wong is an Independent Non-executive Director of MTR Corporation Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. She is a Professor of Practice in Finance at the Faculty of Business and Economics and the Program Director of the Bachelor of Finance (Asset Management and Private Banking) at The University of Hong Kong, where she teaches financial regulations, compliance and credit risk management. She is a member of each of the Competition Commission, the Finance Committee of the Housing Authority, the Process Review Panel for the Accounting and Financial Reporting Council, the Human Capital Committee of the Financial Services Development Council and the Innovation and Technology Venture Fund Advisory Committee. Prof. Wong has extensive experience in banking and finance. She had worked in major financial institutions including Citigroup, HSBC, Credit Suisse, BNP Paribas and the Chase Manhattan Bank, covering work related to private banking, asset management, securities brokerage, corporate and commercial banking, credit and risk management, and was the Head of Private Bank, Greater China at Credit Suisse and the CEO of HSBC Broking Services (Asia) Limited. Prof. Wong was previously an Independent Non-executive Director of Bank of China International Limited, a non-executive director of the Insurance Authority, a member of the Advisory Committee of the Securities and Futures Commission, a director of each of the Hong Kong Securities and Investment Institute and Hong Kong Securities Association Limited, as well as a member of the Investment Committee of The Hong Kong Polytechnic University. Prof. Wong is a Senior Fellow of Hong Kong Securities and Investment Institute and a Fellow of St. John's College, The University of Hong Kong. She holds a Bachelor of Arts degree from The University of Hong Kong, a Master of Business Administration degree from The Chinese University of Hong Kong and a Juris Doctor degree from The University of Hong Kong.

Mr. Peter Wong Wai-yee

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

Managing Director

Aged 73. Mr. Wong joined the Group in 1997, initially as its Financial Controller. Since 2002, he has been deeply involved in the development of the Group's mainland utilities business, operating from its headquarters in Shenzhen, China. Mr. Wong was appointed to the Board of Directors of the Company in February 2013 and as Deputy Managing Director of the Company in April 2021, and has been Managing Director with effect from 6th June 2022. Mr. Wong holds directorships in various subsidiaries of the Group. He is also an Executive Director and the Chief Executive Officer of Towngas Smart Energy Company Limited, and a director and the Vice Chairman of Shenzhen Gas Corporation Ltd. and Foran Energy Group Co., Ltd. All of the above companies are listed public companies. Mr. Wong was named consecutively as one of "The Best CEO of Chinese Listed Companies" by Forbes in 2012 and 2013. He received the inaugural Climate Governance Award in the "Listed Company – Executive Directors" category from The Hong Kong Institute of Directors in 2024. He is a chartered professional accountant of Canada, a certified public accountant of Hong Kong and a chartered company secretary and chartered governance professional in both Hong Kong and the United Kingdom. Mr. Wong is a Fellow of The Hong Kong Institute of Directors and a Fellow of The Institution of Gas Engineers and Managers of the United Kingdom. He completed the Advanced Management Program from Harvard Business School in the United States. Mr. Wong was formerly a director of the Certified Management Accountants Society of British Columbia, Canada and the president of its Hong Kong branch, a member of the Mainland Business Advisory Committee of the Hong Kong Trade Development Council and a member of the Advisory Committee and External Advisor of the Career Planning and Development Steering Committee of the College of Professional and Continuing Education, The Hong Kong Polytechnic University. He is a Council Member of the Vocational Training Council, a Council Member of the Employers' Federation of Hong Kong. He is also the Chairman of the Advisory Board of The Hong Kong Management Association ("HKMA") Global Centre for ESG Education and Research, a Council Member and a Member of the Executive Committee of HKMA. Mr. Wong has over 48 years of experience in corporate finance, management and international working experience.

Mr. Yeung Lui-ming

FCCA, FCPA

Executive Director and Chief Financial Officer

Aged 57. Mr. Yeung joined the Company in 2023 and was appointed to the Board of Directors of the Company in January 2024. Mr. Yeung is currently an Executive Director and the Chief Financial Officer and also holds directorships in various subsidiaries of the Group. Mr. Yeung has more than 33 years of professional experience in corporate finance advisory, transaction services and strategic restructuring knowledge. Mr. Yeung held management positions in financial advisory department of Deloitte China for many years. He served as the National Managing Partner of Financial Advisory of Deloitte China from November 2013 to May 2021 and was appointed as the Vice Chairman of Deloitte China since June 2021. Before Mr. Yeung stepped down from Deloitte China, he led the team in capital market advisory, debt restructuring, fund advisory, forensic accounting investigation, corporate restructuring etc. and advised corporate clients and investors both on the Chinese mainland and Hong Kong on various investment projects, acquisitions and mergers projects. Mr. Yeung graduated from The Hong Kong Polytechnic University. He is a Fellow Member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, an Associate of The Taxation Institute of Hong Kong and an Ordinary Member of Hong Kong Securities and Investment Institute.

Mr. Chan Ying-lung

MAppFin, BCom

Executive Director and Chief Investment Officer

Aged 45. Mr. Chan joined the Company as Chief Investment Officer in 2021 and heads the Group Investment and Business Development Department. Mr. Chan was appointed to the Board of Directors of the Company in June 2024 and also holds directorships in several subsidiaries of the Group. Mr. Chan was an Independent Non-executive Director of China Harmony Auto Holding Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. He previously worked as an investment team head in private equity at China Merchants Securities (HK) Co., Limited, a vice president at CCB International Asset Management Limited and a research analyst at China Everbright Research Limited respectively. He has more than 21 years of professional experience in investments and research. Mr. Chan is the vice-chairman of the 1st 光伏治沙專業委員會 (Photovoltaic Sand Control Professional Committee) of the China National Sand Control and Desert Industry Society. He has been honoured as the "WISE2024 Global Market Leader" by 36kr.com, a leading new media outlet on the Chinese mainland that focuses on technology and the new economy. Mr. Chan holds a Master degree in Applied Finance from Monash University in Australia as well as a Bachelor degree in Commerce from the University of Melbourne.

Executive Management Members

from left to right

Elsa Wong Lai-kin
Chief Legal Officer &
Company Secretary

Martin Kee Wai-ngai
Chief Operating Officer –
Mainland Utilities

Yeung Lui-ming
Executive Director and
Chief Financial Officer

Yang Jun
Chief Operating Officer –
Extended Business

Zhou Heng-xiang
Chief Operating Officer –
Gas Resources

Chan Ying-lung
Executive Director and
Chief Investment Officer

Lam Ming-wing
Chief Human Resources Officer

Sham Man-fai
Chief Operating Officer –
Green Fuels and Chemicals

Don Cheng Hill-kwong
Chief Operating Officer –
HK Business

Peter Wong Wai-yee
Managing Director

John Qiu Jian-hang
Chief Operating Officer –
Renewable Business

Ms. Elsa Wong Lai-kin

LLB, LLM, MCF, MSocSc, CFA

Chief Legal Officer & Company Secretary

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

Ms. Wong has accumulated over 35 years of experience in the legal profession, primarily serving as corporate counsel and company secretary of companies listed on the Main Board of The Stock Exchange of Hong Kong Limited. Before joining the Company, Ms. Wong held positions in Henderson (China) Investment Company Limited, Alibaba.com Limited and PYI Corporation Limited (now named as Blue River Holdings Limited).

Ms. Wong is a solicitor of the Supreme Court of Hong Kong and the Supreme Court of England and Wales. She also holds the Chartered Financial Analyst designation.

Ms. Wong holds a Bachelor's degree and a Master's degree in Laws from The University of Hong Kong, a Master of Corporate Finance degree from The Hong Kong Polytechnic University and a Master of Social Sciences degree in Psychology (Schools and Community Settings) from The Education University of Hong Kong.

Mr. Zhou Heng-xiang

CEng, MIGEM, MBA

Chief Operating Officer – Gas Resources

Mr. Zhou was appointed as the Chief Operating Officer – Gas Resources in 2023, heading our gas resources segment and leading the team in the alignment and collaboration of gas resources businesses on the Chinese mainland and Hong Kong. He is coordinating the international and local trade for natural gas and operation of the facilities of gas resources to enhance the natural gas supply chain system, and to serve the demand in different areas and to expand the business to the market overseas.

Mr. Zhou joined Towngas China Company Limited (now known as Towngas Smart Energy Company Limited) in 2002, was appointed as General Manager of Suzhou Towngas China Company Limited in 2004, and also acted as the General Manager for Greater Suzhou District in 2006. He was appointed as General Manager for Suzhou and Zhejiang District in 2015. He also took a role in the Group's Department of Strategic Development in 2019, where he led the strategic planning and was tasked with achieving the four major decarbonisation objectives. He was appointed as the Executive Vice President and Vice President in 2021, and took charge of the gas business in Shanghai district, the gas resources centre and managed the operations work in the Mainland Utility business. He is experienced in regional operations, national energy policy rationalisation, strategic development positioning for groups, and coordination of gas resources.

Mr. Zhou graduated from Shanghai Jiao Tong University and also obtained an MBA from the Shanghai University of Finance and Economics. He is a Senior Gas Engineer, a Chartered Engineer (UK), and a member of the Institution of Gas Engineers & Managers of the United Kingdom.

Mr. Don Cheng Hill-kwong

CEng, FEI, MHKIE, MIGEM, MSc

Chief Operating Officer – HK Business

Mr. Cheng was appointed as the Chief Operating Officer – Hong Kong Business in 2024. He is now leading the whole Hong Kong business including the Commercial and Engineering Divisions, Corporate Supplies, Hydrogen Business and also overseeing the Group's Corporate Affairs and Group ESG.

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

Mr. Cheng graduated from Queen's University and The University of Calgary in Canada, with BSc degrees in Statistics and Engineering Chemistry and an MSc degree in Statistics respectively. He has also achieved the status of Chartered Engineer and fellow membership from various professional associations of overseas and in Hong Kong. He is also a member of HKSAR District Fight Crime Committee (Southern District), Fire Service Department Dangerous Goods Standing Committee Member, Director of Association of

Restaurant Managers, Academic Advisors for engineering departments of Hong Kong University of Science & Technology and City University of Hong Kong, Fund Vetting Committee Member of Hong Kong Productivity Council, and Vice Chairman (Energy and Power) of the Federation of Hong Kong Industries.

Mr. Martin Kee Wai-ngai

CEng, MIGEM, MBA, BSc (Eng)

Chief Operating Officer – Mainland Utilities

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

Mr. Kee joined The Hong Kong and China Gas Company Limited in 1990. Mr. Kee is the Vice Chairman of Anhui Province Natural Gas Development Co., Ltd. Mr. Kee was appointed as a director of Changchun Gas Co., Ltd. with effect from 2021. He was also appointed as a director of Shenzhen Gas Corporation Ltd. ("Shenzhen Gas") with effect from 2022. He was appointed as a director of Foran Energy Group Co., Ltd. ("Foran Energy") with effect from 12th January 2024. He resigned as a director of Nanjing Public Utilities Development Co., Ltd. with effect from 2022 and resigned as the chairman and supervisor of the Supervisory Board of Foran Energy with effect from 12th January 2024, all of which are listed public companies.

Mr. Kee graduated from the University of Hong Kong with a BSc Degree in Engineering and obtained a Master of Business Administration degree afterwards. He also completed the Advanced Management Program of the Harvard Business School in the United States of America.

Mr. Lam Ming-wing

MAppSc, FSOE, FIPlantE, MCIPHE,

Chartered Safety & Health Professional

Chief Human Resources Officer

Mr. Lam was appointed as the Chief Human Resources Officer in 2024. He is responsible for overseeing the Group's human resources functions including talent acquisition & development, compensation & benefits, and learning & development. He also continues overseeing the Towngas Training Institute, and the functions of Group Safety and Environmental Management and Property Management.

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

Mr. Lam completed his professional study in mechanical engineering at the Hong Kong Polytechnic University and obtained a Master's Degree in Applied Science from the University of Western Sydney, Australia. He is a Fellow Member of the Society of Operations Engineers and the Institution of Plant Engineers, UK, as well as a corporate member of the Chartered Institute of Plumbing & Heating Engineering. He is also a Chartered Safety & Health Professional, and a qualified Senior Engineer and Senior Manager in PRC.

Dr. John Qiu Jian-hang

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

Chief Operating Officer
– Renewable Business

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

Dr. Qiu joined The Hong Kong and China Gas Company Limited in 2003. He was appointed to various management roles in different business joint ventures on the Chinese mainland. He successively served as Regional General Manager of the South China region in 2009 overseeing 16 joint ventures. In the same year, Dr. Qiu's role was expanded to Senior Vice President, Commercial & Industrial Marketing on top of managing the South China region. He was previously a supervisor of Foran Energy Group Co., Ltd. as well as the chairman of its Supervisory Board.

Dr. Qiu obtained his bachelor's degree and master's degree in engineering from Tsinghua University in the PRC, and his doctorate degree in Philosophy from Heriot-Watt University in the United Kingdom. In 2008, Dr. Qiu completed the Executive Development Programme of the Wharton School of the University of Pennsylvania. Dr. Qiu is a Chartered Engineer and a member of the Institution of Gas Engineers & Managers of the United Kingdom.

Mr. Yang Jun

CEng, MIGEM, MBA, BSc (Eng)

Chief Operating Officer
– Extended Business

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

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

Mr. Yang graduated from Tongji University and obtained a degree in Urban Gas Engineering from the Department of Thermal Energy Engineering. He furthered his expertise by obtaining an MBA from the University of Macau. He is a member of the Gas Transmission and Distribution Professional Committee of the Urban Gas Branch of China Civil Engineering Committee, a senior urban gas engineer, as well as a Chartered Engineer and a member of the Institution of Gas Engineers & Managers of the United Kingdom.

Mr. Sham Man-fai

MSc

Chief Operating Officer
– Green Fuels and Chemicals

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

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

Mr. Sham obtained a Diploma in Management Studies from Hong Kong Polytechnic University and a master's degree in Energy and Environment from the City University of Hong Kong.

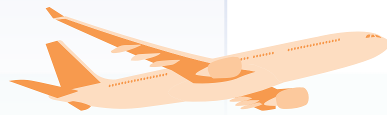
Review of Operations

UTILITY BUSINESSES

- Hong Kong Utility
- Mainland Utilities
- Gas Resources Business

GROWTH BUSINESSES

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Utility Businesses — Hong Kong Utility

In 2024, against Hong Kong's modest economic growth of 2.5 per cent, the Group's Hong Kong utility business demonstrated remarkable resilience with robust development and growth across multiple areas.

Gas Sales Remained Stable

Benefitting from the recovery of the aviation and hospitality sectors, commercial and industrial gas sales maintained growth. Among these, hotel-related gas sales increased by 6.6 per cent, and overall commercial and industrial gas sales increased by 2 per cent in 2024. As a result of global warming and Hong Kong residents travelling to the Chinese mainland for shopping and dining, residential gas consumption slightly decreased by 1.4 per cent for the year, offsetting part of the sales growth. Overall gas sales increased slightly by 0.1 per cent for the year.

Broadening Gas Applications

The Group's gas dehumidification system has established a strong reputation in the market, becoming an ideal channel for further expanding gas applications. During the year, the Group installed efficient, energy-saving gas dehumidification systems at several landmark projects in Hong Kong. Notably, the gas dehumidification system at Kai Tak Sports Park is the largest of its kind in Hong Kong.

At the same time, the Group continued to replace energy equipment for commercial and industrial customers, reducing carbon emissions and enhancing energy efficiency. During the year, the Group secured a service contract with the Hospital Authority to provide gas services to its large-scale Supporting Services Centre.

The gas dehumidification system is being used in various landmarks, including The Henderson in Central, the Hong Kong Convention and Exhibition Centre, Ocean Park, and Kai Tak Sports Park.

During the year, the Group completed the construction of a standby synthetic natural gas installation at the Tai Po Gas Production Plant. It will supply synthetic natural gas for the combined heat and power system at Alice Ho Miu Ling Nethersole Hospital in Tai Po, ensuring a reliable energy supply.

Food waste currently accounts for 30 per cent of all waste sent to landfills in Hong Kong. To make better use of this waste, the Group collaborated with a local technology company during the year to develop the first gas-powered food waste processing facility in Hong Kong. This facility utilises biodegradation to break down food and kitchen waste, transforming it into carbon dioxide, water and other inert substances. It not only significantly reduces the volume of food waste by over 90 per cent — leading to savings in transportation and processing costs — but also allows the decomposed food waste to be used as fertiliser, turning waste into resources.

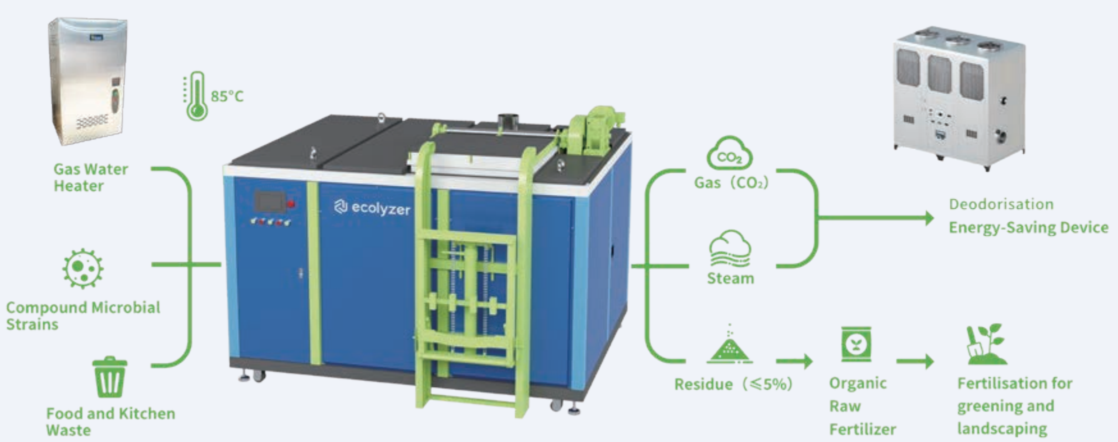
The Group is promoting applications of this food waste processing facility in various scenarios, including buildings, hotels, restaurants, hospitals and even communities and housing estates. By capitalising on new technology, the Group seeks to provide a simple and cost-effective solution to help industrial and commercial sectors, as well as households, reduce waste at source. In collaboration with the Government and relevant stakeholders, the Group is helping to transform Hong Kong into a smart, green city that makes effective use of its food waste, thereby expanding gas applications and opening up new business opportunities.

Increasing Infrastructure Investment

During the year, developers in Hong Kong were ambitious in offering new residential projects for sale. This, combined with steady progress in the construction of the Northern Metropolis and the Government's efforts to increase public housing supply, led to continued growth in new households, which is expected to benefit Hong Kong gas sales. Consequently, the Group anticipates that the Hong Kong utility business will remain stable.

The Group will continue to invest in various infrastructure projects. Construction underway during the year included the laying of approximately 1.5 kilometres of intermediate-pressure pipelines and 3.5 kilometres of low-pressure pipelines. The pipelines will supply gas to the expanded passenger terminal, a police station and two fire stations for the third runway system at Hong Kong International Airport.

Food Waste Source Reduction System: Igniting a Path of Low-Carbon Innovation



The gas-powered food waste processing system utilises environmentally friendly technology to break down kitchen waste, reducing its volume by more than 90 percent.

Ensuring Safe Gas Supply

The Group continued to enhance gas security and improve the reliability of its gas supply. It also initiated a project at the Tai Po Gas Production Plant to replace the downstream pipelines in the rich gas reactor tower. So far, the Group has completed the pipeline replacement for two production furnaces, and plans to replace the relevant pipeline sections for another five furnaces in 2025.

To reduce naphtha evaporation caused by intense sunlight on the naphtha tanks at the Tai Po Plant, the Group applied an "electricity-free cooling coating" to the surface of one of the tanks in 2024. This has effectively achieved a 95 per cent solar reflectivity and mid-infrared emissivity, lowering the tank's surface temperature and reducing emissions of volatile organic compounds (VOCs). The Group plans to apply this coating on the remaining two naphtha tanks in 2025 and 2026 to further reduce VOC emissions.

In relation to this work, the Group developed an automatic spraying machine together with a local university. This machine, which has entered the testing phase, is suitable for use on oil tanks, water tanks, air drums and the external walls of buildings. It not only mitigates the risks of scaffolding and working at height but also reduces project costs and enhances work efficiency.

Results of Hong Kong Gas Supply Service Pledge 2024

Reliability

Uninterrupted gas supply^ (over 99.99%)

99.992%

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

100%

Restoration of gas supply within 12 hours

100%

^ Unplanned gas supply interruption

Safety

Emergency Team average arrival time (within 25 minutes)

Average **21.12 minutes**

Appointments

Availability of maintenance and installation services within 2 working days

Average **1.09 days**

Speed and Convenience

Customer Service Hotline (calls answered within 4 rings)

96.68%

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

100%

Service Quality

Efficiency*

9/10

Courteous and friendly attitude*

8.98/10

* Our target was to exceed a score of 8.5

Handling Suggestions

Acknowledgement reply within 3 working days

100%

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

100%

Applies to gas-related services only.

The Group plans to use this automatic spraying machine to apply electricity-free cooling coating to the surface of the naphtha tanks in 2025.

In response to the increasing frequency of extreme weather events, various climate resilience measures are currently in place. These include enhancing the flood prevention facilities at the Tai Po Plant and introducing ultrasonic technology for pipe joint inspections, ensuring a safe and reliable gas supply. Over the long term, the Group plans to gradually replace fossil fuels with zero-carbon fuels to achieve carbon neutrality.

Embracing Technology

To keep abreast of developments in the era of digital transformation and artificial intelligence (AI), the Group continued to strengthen technological innovation and its implementation. One example is an Internal Conditioning Robot for Steel Pipe produced in-house by the Group. It will replace manual labour by engineering personnel in tasks such as inner wall welding, polishing and anti-rusting coating inside steel pipes. Operators can monitor work progress in real time through a camera feed transmitted from inside the pipe.

Not only does this robot eliminate the risks associated with workers entering confined spaces, it also reduces the processing time by approximately half compared with manual operation, thereby enhancing safety and productivity.

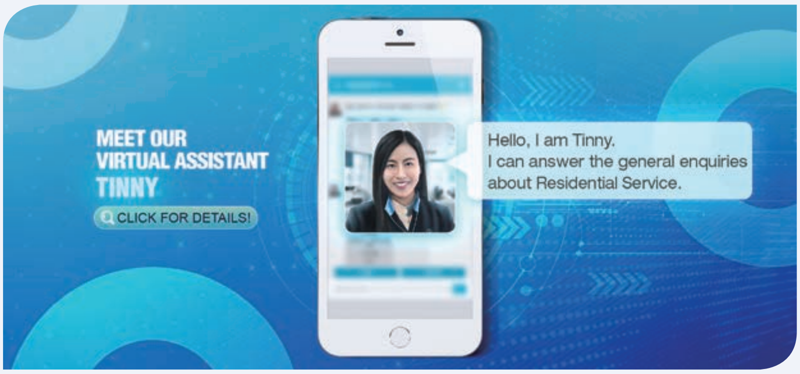
Additionally, a subsidiary of the Group has incorporated technological applications into pipeline engineering with a new phased array ultrasonic technology for non-destructive inspection of polyethylene (PE) pipe joints. As a result, the integrity of these connections will be enhanced substantially.

With encouragement by the Group, employees have developed numerous innovative solutions over the years for enhancing gas pipeline safety.

In the realm of customer service operations, the Group is seamlessly integrating technology into everyday life. AI and big data analytics are being actively harnessed to drive digital transformation, continually enhancing the customer experience. This involves embedding smart systems into the Customer Service Hotline, streamlining processes with greater automation, and offering customers an additional self-service option. During the year, over 60 per cent of customer enquiries were managed through digital channels. For maintenance appointment bookings, in particular, more than half of customers opted for the self-service system, appreciated for its speed and convenience.

Since 2022, AI, speech-to-text technology, and Large Language Models (LLMs) have been utilised to analyse voice calls at the Hotline Centre. This process identifies the reasons behind customer enquiries, enabling refinements to service operations and further improving the online customer platform. As a result, handling gas-related matters has become quicker and more straightforward for customers.

Currently, the Group's AI virtual assistant, Tinny, serves as a vital component of hotline support, managing around 20 per cent of customer enquiries. Operating 24/7 with advancing features and accuracy, Tinny provides instant answers to questions, with its utilisation increasing by 21 per cent in 2024.



Tinny, the AI assistant, handled around 20 per cent of the total customer enquiries.

Telecommunications Business

With world-class data centres, unrivalled network connectivity, and advanced, diversified ICT services, Towngas Telecommunications Company Limited (TGT) operates businesses spanning Hong Kong, the Chinese mainland and overseas to serve the needs of telecommunications service providers, operators and corporations.

TGT kept abreast of market needs by proactively pursuing innovation. During the year, it collaborated with partners from the Chinese mainland and Hong Kong to develop AI supercomputing power projects, cloud-based human resources management systems and cloud-based PABX systems. These projects are part of TGT's efforts to seize market opportunities by providing highly efficient solutions for various industries. In 2024, TGT also partnered with Henderson Land Development Company Limited to provide one-stop smart building solutions for its commercial and residential buildings with a view to promoting the development of a smart city.

In addition, Towngas Chibo Data Service (Jinan) Co., Ltd., a joint venture of TGT, successfully obtained the permit to operate a value-added telecommunication business, allowing it to provide customers with a comprehensive range of services, including internet data centre services and internet access.

Utility Businesses — Mainland Utilities

Amid national efforts to stimulate domestic demand, optimise the business environment, develop hi-tech industries and accelerate urbanisation — and with the introduction of supportive policies for the natural gas industry — the Group capitalised on emerging policy and market opportunities. Through continuous innovation of its business model, the Group's mainland utility businesses were able to achieve steady growth during the year.

City-Gas

The *Measures for the Administration of Natural Gas Utilisation* came into effect in 2024, positioning natural gas as a key component in the establishment of a new energy system. These measures prioritise integrated natural gas and multi-energy projects as well as demonstration projects for hydrogen blending in natural gas, all of which have created favourable conditions for the Group's city-gas business. Including contributions from the Group's subsidiary, Towngas Smart Energy, the Group operated a total of 322 city-gas projects across 23 provincial regions on the Chinese mainland and acquired 2.3 million new customers. This brought the total number of customers to 42.49 million and contributed to a 5 per cent increase in total gas sales volume for the year to 36,400 million cubic metres.

With the country's strong push to rapidly develop a new energy industry, demand for gas from industrial customers in the "new trio" industries — namely new energy vehicles, lithium batteries and photovoltaic cells — showed consistent growth.

Management through Smart Systems

The Group develops digital solutions, including the Towngas Management System (TMS) and Towngas Operation Platform (TOP), to streamline its financial, engineering and operational processes. These systems enable comprehensive IoT monitoring, smart management and reduced gas leakage rates. Through data sharing and cost consolidation, the Group benefits from greater management efficiency and more accurate decision-making capabilities.

Industrial Demand from the "New Trio"

The Group supplies natural gas to a leading power battery technology company in Xuzhou, Jiangsu Province, as that company's main energy source for production. Since adopting natural gas, the company has been able to reduce its initial investment costs significantly and improve production efficiency. Annual gas consumption for this company was 15 million cubic metres.

Further Development of the Gas+ Business

With a focus on low-carbon energy supply and smart energy-saving applications, the Group made significant strides forward in developing its Gas+ energy service business and moved beyond the provision of natural gas and services to include comprehensive energy solutions that enhance market value. During the year, comprehensive energy sales reached the equivalent of 2,210 million kWh of electricity, representing a 29 per cent year-on-year growth.

To support national policies on energy trusteeship for public institutions and large-scale equipment replacement, the Group entered into strategic cooperation agreements with the Administration of Authorities of Jiangsu Province and Jiangxi Province. Through these partnerships, the Group has advanced more than ten energy-saving projects for public institutions, by adopting approaches such as asset-light energy trusteeship and multi-energy complementary supply.

Integrated Regional Energy Supply

The Group's independently planned and constructed energy centre in the Suzhou-Xiangcheng Cooperation Zone in Jiangsu Province provides centralised heating and cooling to multiple buildings within the zone.

Energy Trusteeship for Public Institutions

The Group manages an energy trusteeship project for a prefecture-level administrative centre in Jiangxi Province. With a total building area of 23,000 square metres, the project involves energy-efficient renovations of air-conditioning, lighting, lifts and water supply systems, utilising the Group's smart energy platform to achieve cost reductions through improved efficiency.

Industrial Energy-Saving Solution


Tongling Hong Kong and China Gas Company Limited utilises a smart energy efficiency management platform to provide energy-saving services monitored and optimised dynamically in real time for a major industrial customer in Tongling, Anhui Province. The platform is a complete digitalised energy management and control system that helps this customer reduce its energy consumption.

Achieving Cost Pass-Throughs

At the Third Plenary Session of the Twentieth Central Committee of the Communist Party of China, improvements to the market pricing mechanism were proposed that included price reforms in energy and other sectors, as well as the accelerated establishment of a price linkage mechanism for upstream and downstream natural gas for households.

During the year, the Group essentially achieved cost pass-throughs for non-residential customers. Among the Group's city-gas joint ventures, 75 per cent completed cost pass-throughs for residential customers. At the same time, the Group recorded a significant recovery in the gas sales dollar margin. The average dollar margin of city gas in 2024 was RMB0.52 per cubic metre, representing an increase of RMB0.05 per cubic metre compared to 2023.

Leading the "One City, One Enterprise" Initiative

Several enterprises within the Group led the implementation of the "One City, One Enterprise" initiative during the year, with the aim of optimising and restructuring gas projects in Chaozhou, Jinan, Dalian and other locations. By achieving resource integration and allocation through this initiative, the Group has been able to enhance the value of its city gas assets and improve risk resilience.

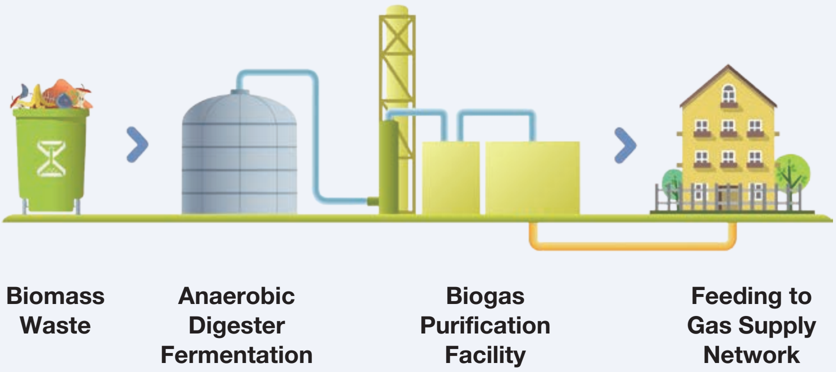
Integrating its city-gas enterprises with Chaozhou Shenzhen Energy Gas Company Limited (潮州深能燃氣有限公司) has enabled the Group to expand its local gas operations, thereby enhancing supply capacity and improving economic returns.

Shandong Towngas and Shandong Jihua started a merger and restructuring process. After the merger, Shandong Towngas will serve 2.45 million customers, with annual gas sales exceeding 1,000 million cubic metres. Shandong Towngas will become the largest city-gas enterprise in Shandong Province, expanding the Group's business scale in Jinan and surrounding areas.

Low-Carbon Transition

In line with the national dual carbon strategies, the Group continued to increase the proportion of biomass natural gas in its gas network, providing users with a lower-carbon natural gas. Currently, the Group has developed nine biomass natural gas application projects across Jiangsu Province, Zhejiang Province, Shandong Province, Sichuan Province

Waste to Energy: Feeding Biomass Natural Gas to the Network



and other regions. This adds seven million cubic metres of grid-connected gas to the Group's network for a total annual grid-connected gas volume of 30 million cubic metres.

Exploring Hydrogen Blending in Natural Gas

Based on strong national support for the development of hydrogen energy, the Group has been exploring applications for hydrogen-natural gas blending. In Shandong Province, Weifang Hong Kong and China Gas Company Limited's pipeline blending demonstration project — Bringing Hydrogen into Households — made steady progress towards its ultimate aim of serving 100,000 residential customers. The Group is also developing multiple industrial applications for hydrogen-natural gas blending in Baotou in the Inner Mongolia Autonomous Region, Yangxin in Shandong Province, Zhongxiang in Hubei Province, and other locations in the country.

Water and Environmental Businesses

In 2024, the Group's water and environmental businesses achieved steady growth. Annual water sales reached 1,060 million tonnes, representing a year-on-year increase of 2 per cent, while sewage treatment volume totalled 590 million tonnes, up 4 per cent year-on-year. Solid waste treatment volume during the year reached 1.613 million tonnes, a growth of 10 per cent year-on-year.

The Group also acquired the Changzhou Wujin High-Tech Zone industrial wastewater treatment project during the year, which processes industrial wastewater for various manufacturing enterprises in the zone with a fully enclosed operational model with intelligent management.


Changzhou Wujin High-Tech Zone industrial wastewater treatment project.

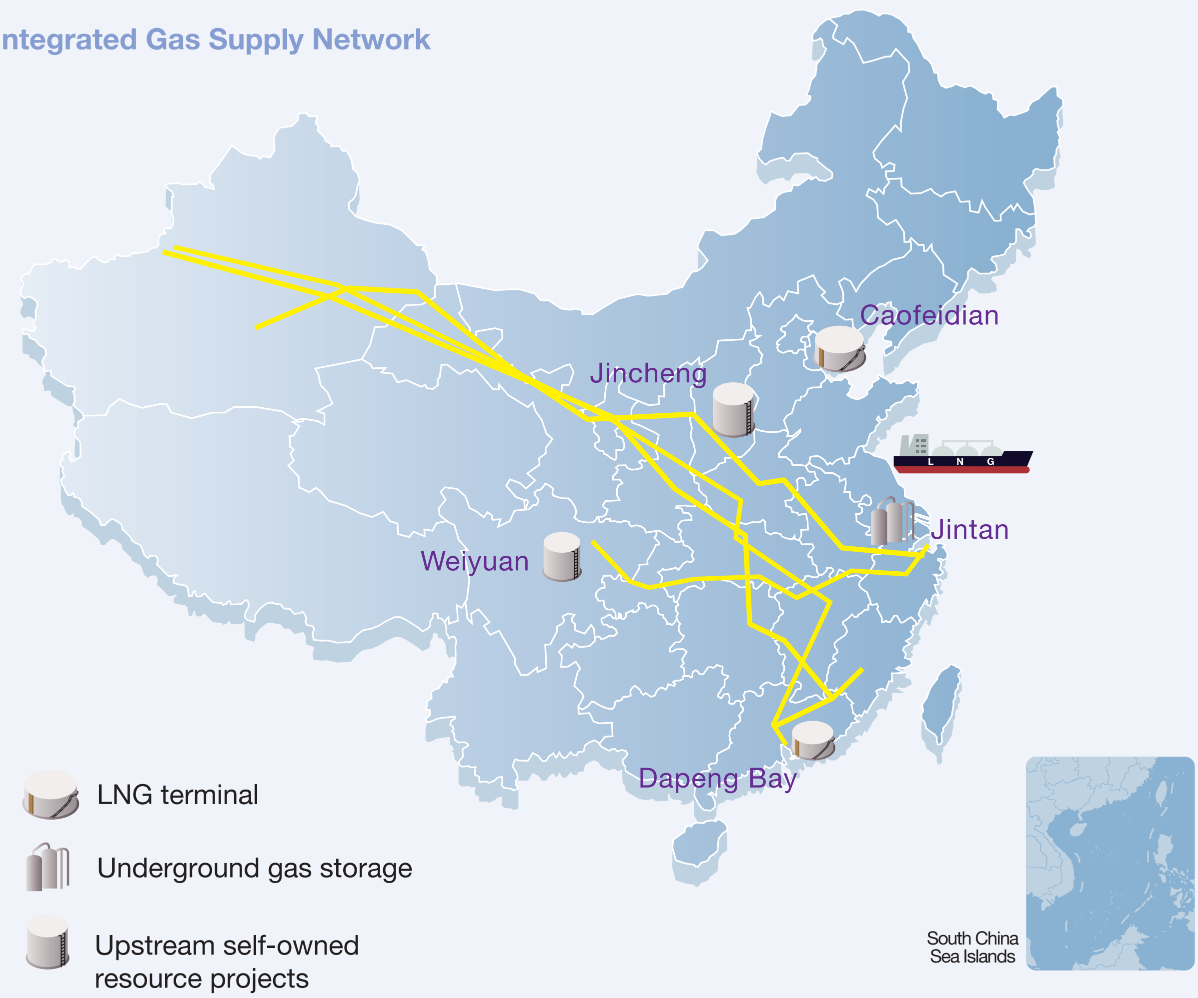
Utility Businesses — Gas Resources Business

In 2024, the Group's gas resources business focused on high-quality development in four major areas: international trade, domestic trade, demand-side management and project operations. These efforts supported a supply-demand balance and the improved operational efficiency of its assets.

The Group continued to optimise its gas resource portfolio and commercial platform by coordinating upstream, midstream and downstream resources to build an integrated production-supply-storage-sales system. In parallel, it strengthened the long-term connection between its resources and market demand by expanding its distribution services, growing external markets and achieving greater flexibility. All these advancements supported the Group's city-gas enterprises, increased reliability and reduced costs.

The Group's "1+3" strategic cooperation with PipeChina and the three major national petroleum corporations was fully implemented. Through centralised negotiations and individual contracts, a total of 15,000 million cubic metres of natural gas has become available to ensure supply and reduced gas purchase costs. In 2024, the gas resources segment managed a volume of 4,420 million cubic metres, accounting for 12 per cent of the year's total gas volume, and achieved a financial benefit of RMB381 million.

Integrated Gas Supply Network



At the same time, the Group diversified its supply by securing unconventional natural gas resources such as coalbed gas and shale gas through direct operations and partnerships. It also established a dual "offshore gas + onshore gas" model to form a liquefied natural gas (LNG) supply chain comprising multiple sources from various regions. Using the Hong Kong LNG international trading business platform, the Group finalised a long-term agreement for the import of international LNG with a total annual volume of 1.5 million tonnes. This will allow the Group to capitalise on the advantages of trade cooperation between the Chinese mainland and Hong Kong, thereby providing greater choice and flexibility when securing resources.

During the year, the Group further strengthened its gas resources business through expanded horizontal partnerships with industry peers, thus enhancing supply flexibility. Collaboration agreements were established with a number of natural gas companies and large-scale city-gas enterprises in areas of piped gas supply, international LNG procurement and network interconnection. Through these complementary arrangements, the Group has been able to improve supply security.

To support the Group's city-gas enterprises, the gas resources segment has adopted a "business + service" model. Benefits of this model include coordination with upstream enterprises to secure stable contracted gas volumes for companies with significant supply gaps, such as Peixian Hong Kong and China Gas Company Limited. Capitalising on the increased coverage of PipeChina's infrastructure and services, the gas resource segment helps city-gas companies secure direct gas supply from upstream sources, reducing costs and improving efficiency. The segment also proactively assists major city-gas enterprises within the Group to ensure supply and reduce costs, including addressing Xian Qinhua's winter supply gap and optimising its gas supply structure. Resources within the Group are coordinated to ensure gas supply to Wuhan Gas through market-based mechanisms.

With respect to the Group's gas storage infrastructure, the underground salt-cavern facility in Jintan District, Changzhou, achieved significant progress. The first two new gas wells from the second phase of the project are scheduled for commissioning in 2025, increasing total storage capacity to nearly 480 million cubic metres. This upgrade further enhances the injection/extraction, transfer, and emergency peak-shaving capabilities for multiple gas sources, including the West-to-East Gas Pipeline and the Sichuan-to-East Gas Pipeline. At the Caofeidian LNG receiving terminal in Tangshan, Hebei Province, where the Group is an investment partner, storage tanks No. 2 and No. 6 of the second phase are now ready for operation with an increase in storage capacity of 180,000 tonnes. Moreover, the emergency peak-shaving storage and distribution base (Phase I) in Weiyuan County, Sichuan Province, officially commenced operation. With exports to Hubei Province, Jiangxi Province and other regions, this facility has successfully established a cross-regional gas distribution system.

Also completed during the year was the LNG emergency station at Guangzhou Jinshan Hong Kong and China Gas Company Limited. The facility houses 12 vertical LNG storage tanks of 150 cubic metres each, providing a total storage capacity of 1,800 cubic metres. With a maximum gasification and supply capability of 40,000 cubic metres per hour, the station significantly enhances gas supply stability throughout the region. It will also play a crucial role in safeguarding residential gas supplies and providing emergency peak-shaving capacity.

The country aims to achieve a national renewable energy consumption target of more than 1,500 million tonnes of standard coal by 2030. This has accelerated the shift towards renewable energy in key areas such as industrial, transportation, construction and new infrastructure, creating significant opportunities for the development of the business. In 2024, the Group's renewable energy business entered a growth trajectory.

Five-Fold Profit Growth

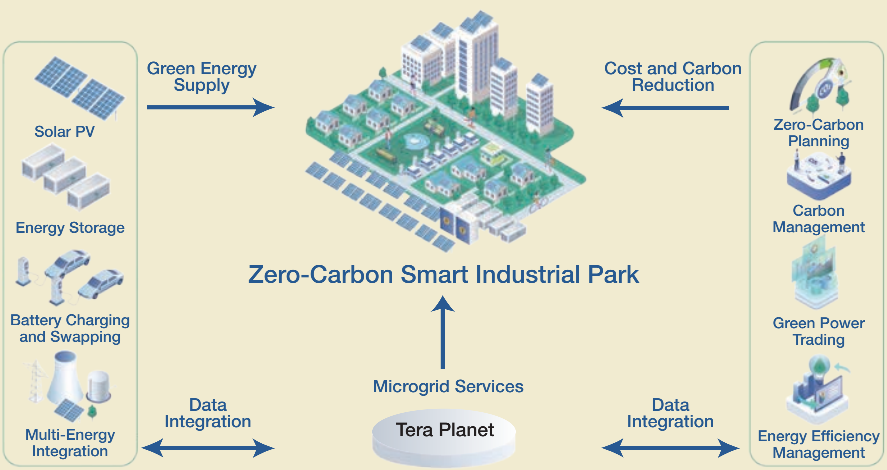
The Group's renewable energy business continued to grow rapidly. It covered 20 sub-sectors under the eight major emission-control industries, such as petrochemicals, building materials and non-ferrous metals, among others, serving both private companies as well as large-scale central and state-owned enterprises. As at the end of 2024, the Group had investments in more than 1,000 renewable energy projects in 24 provinces, autonomous regions and municipalities. The cumulated grid-connected installed capacity of the Group's distributed photovoltaic projects reached 2.3 GW, while commercial and industrial energy storage contracts exceeded 400,000 kWh. Electricity sales volume reached 8,400 million kWh, with carbon asset management and service operations developing steadily. The annual net profit from the renewable energy business during the year amounted to HK$479 million, representing a quintupled year-on-year increase.

Developing Zero-Carbon Smart Industrial Parks

The Central Economic Work Conference in 2024 proposed to "create a cluster of zero-carbon industrial parks to support the development of a national carbon market". Under the *2025 Government Work Report*, further plans were outlined to "create multiple zero-carbon industrial parks and factories". This presents significant opportunities for the development of the Group's renewable energy business.

In 2021, Group Chairman Dr. the Hon. Lee Ka-kit submitted the *Proposal on Promoting Smart Energy-Centric Zero-Carbon City Pilots to Support the National 2060 Carbon Neutrality Goal* during the Two Sessions, advocating the development of zero-carbon smart industrial parks. The Group maintained its three strategic priorities — integrated energy solutions, decarbonisation and digitalisation — while advancing renewable energy projects centred

The Group's Zero-Carbon Smart Industrial Park Model



Zero-carbon smart industrial parks are a core scenario for the Group. By investing in and building diversified energy infrastructure, the Group can offer industrial parks a green energy supply with energy and carbon services that help them reduce their costs and cut carbon emissions. Based on a smart energy ecosystem platform, this solution will enable them to achieve the dual carbon goals.

Shenzhen Smart Microgrid Demonstration Project

The Group invested in, operated and maintained a smart energy demonstration project for an automobile enterprise in Shenzhen. Comprising distributed photovoltaic systems, energy storage, energy routers, microgrid energy management systems, virtual power plants and other innovative technologies and models, the project has become a successful case for the Group's smart energy and carbon services.

on these parks. To date, a total of 128 projects have been developed in parks across 24 provinces, autonomous regions, and municipalities, including demonstration projects in Taizhou in Jiangsu Province, Jining in Shandong Province, and Shenzhen in Guangdong Province that contribute to the dual carbon goals and generate sound economic returns.

Successful Capital Cooperation

The Group has successfully introduced multiple projects for joint investment in photovoltaic assets to strategic investors. Through this strategy of capital cooperation, the Group has been able to strengthen its relationships with investors and industry partners to launch pilot projects and expand its asset management scale.

The Group has also been innovating its financing channels. During the year, the Group issued the Smart Zero Carbon Phase 1 Green Assets Support Program (Carbon Neutral) ("Quasi-REITs") on the Shenzhen Stock Exchange. The size of the issue was RMB515 million, representing the first tranche of the RMB5,000 million shelf issue. The market response was strong, as the issue was oversubscribed 2.5 times. This was the first successful Quasi-REITs issuance by a Hong Kong-invested company on the Chinese mainland and the first Quasi-REITs for industrial and commercial distributed photovoltaic and energy storage facilities. The funds raised will be used for continued investment in the Group's renewable energy projects, including photovoltaic power generation and energy storage stations.

Advancing the Development of Energy and Carbon Services (EaaS)

The Group promoted its EaaS business model to industrial and commercial customers as a one-stop energy management service that integrates "photovoltaics + energy storage + electricity sales" for reducing costs and carbon emissions. During the year, the EaaS business made steady progress, contributing stable revenue to the Group. The annual profit from energy and carbon services amounted to HK$110 million, representing a double year-on-year growth.

The Group hosted a bell-ringing ceremony to mark the listing of its first Quasi-REITs on the Shenzhen Stock Exchange.

Growth Businesses – Sustainable Aviation Fuel

EcoCeres, Inc., a company incubated by the Group and in which it remains a strategic shareholder, utilises proprietary technology to produce sustainable aviation fuel (SAF), hydrotreated vegetable oil (HVO), and cellulosic ethanol. In 2024, its annual SAF production reached approximately 180,000 tonnes, accounting for around 20 per cent of global SAF market share. With production capacity expected to increase to 600,000 tonnes by 2027, EcoCeres will continue to maintain its position as one of the world's leading SAF producers.

The Malaysian EcoCeres facility is on track to begin operations in 2025.

As governments across the world implement regulations requiring airlines to progressively adopt SAF, the HKSAR Government also announced plans in its 2024 Policy Address to establish local SAF consumption targets. These developments signal sustained a growth in global aviation's demand for SAF in the coming years.

EcoCeres's plant in Zhangjiagang, Jiangsu Province, reached 100 per cent of its designed production capacity during the year. The new Johor plant in Malaysia is scheduled to commence production in the second half of 2025, adding annual production capacity of 300,000 tonnes.

During the year, EcoCeres entered into a major collaboration with HSBC Hong Kong and Cathay Pacific: HSBC Hong Kong signed a one-off purchase agreement to acquire approximately 3,400 tonnes of SAF produced by EcoCeres to fuel Cathay Pacific flights departing from Hong Kong International Airport. This tripartite collaboration established Hong Kong's first SAF ecosystem, laying the foundation for Hong Kong to become a regional SAF hub.

Growth Businesses — Green Methanol

In 2024, the HKSAR Government promulgated its *Action Plan on Green Maritime Fuel Bunkering*, which seeks to establish Hong Kong as a high-quality bunkering centre for green maritime fuel. With green methanol becoming one of the primary alternative green maritime fuels, the Group's green methanol business also made notable progress over the past year. The Group expects to provide 500,000 tonnes of green methanol by 2028.

The Group is the first enterprise on the Chinese mainland to produce ISCC EU and ISCC PLUS-certified green methanol. Located in Ordos, Inner Mongolia Autonomous Region, the production plant utilises proprietary technology to convert biomass and municipal waste into green methanol. Annual production capacity is expected to increase to 150,000 tonnes by the end of 2025. Plans are now in place to further expand capacity to 300,000 tonnes per year by 2028 in response to the growing international demand for green methanol.

The Group's green methanol supply chain is being strengthened through collaborations with various partners. These include a *Cooperation Framework Agreement for Green Fuel and Chemical Projects* signed with Foran Energy Group Company Limited. Under this agreement, the parties plan to invest a total of RMB10,000 million to produce one million tonnes of green methanol annually across the country, including the Inner Mongolia Autonomous Region, the Guangdong–Hong Kong–Macao Greater Bay Area, Hainan Province, Fujian Province and other regions in the country. Construction of a new green methanol plant is scheduled to begin in mid-2025, with an initial annual production capacity of 200,000 tonnes expected by 2028. Additionally, the Group signed a cooperation framework agreement with Shenergy Group to promote the development of domestic and overseas green energy businesses, particularly in Shanghai and Hong Kong.

For distributing green methanol, the Group entered into a memorandum of understanding with Chimbusco Pan Nation Petro-Chemical Co., Ltd. to collaborate on the distribution of green methanol fuel during the year.

Green methanol distribution agreements were also signed with China Maritime Bunker Co., Ltd. and China Shipping & SINOPEC Suppliers Co., Ltd, respectively. Another agreement was reached when the Group signed a memorandum of understanding with Singapore's Global Energy Trading Pte. Ltd. to expand the supply and distribution of green methanol as a marine fuel.

The Group's scaling of its green methanol production will also help solidify Hong Kong's status as a shipping hub and strengthen its maritime competitiveness. In doing so, it will support the International Maritime Organization's goal of net-zero carbon emissions from international shipping by around 2050.

With strong global demand for green methanol, the Group will continuously increase its production capacity to meet market requirements.

Growth Businesses — Hydrogen Energy

Hydrogen is a promising clean energy carrier with tremendous potential for carbon reduction across various sectors, including transportation, power generation and energy storage. For years, the Group has delivered low-carbon gas blends containing up to 50 per cent hydrogen in Hong Kong. Today, with over 160 years of hydrogen expertise and a 3,700-kilometre gas pipeline network throughout the city, the Group is uniquely positioned to expand into the hydrogen energy sector.

The Group signed a memorandum of understanding with Veolia, the operator of the South East New Territories Landfill Extension at Tseung Kwan O, to develop Hong Kong's first green hydrogen project.

The Group has taken the lead in green hydrogen production by responding to the *Strategy of Hydrogen Development in Hong Kong* issued by the HKSAR Government and commissioning the first green hydrogen project in Hong Kong. Utilising biogas at the Tseung Kwan O Landfill Extension, this project places Hong Kong among the select few cities in the world capable of producing green hydrogen independently. Set to complete this project in 2025, the Group will transform the biogas collected from the landfill into green hydrogen harnessing steam methane reforming (SMR) technology. Once in operation, it is expected to produce about 330 kilograms of hydrogen per day — enough to fuel 7 to 8 hydrogen buses for a full day of service.

Currently, hydrogen-derived energy is primarily used for green transportation in Hong Kong, such as double-decker buses and heavy-duty vehicles powered by hydrogen fuel cells, as well as net-zero power generation for applications such as EV charging piles and on-site power generation. The Group is now implementing several pilot initiatives to assess their technical feasibility and economic benefits. The Group has also partnered with various new energy equipment companies to develop integrated low-carbon renewable energy solutions. These include expanding the hydrogen energy generation business and promoting the development of green construction sites in Hong Kong through scientific research and innovation, marketing and promotion and financial backing, among other strategies. The aim is to provide integrated solutions for new energy electricity generation, including hydrogen energy, for applications such as construction sites in Hong Kong. From these initiatives, the Group will inject new momentum into the development of Hong Kong's new quality productive forces.

In future, the Group will continue to promote government-approved pilot projects on hydrogen fuel technology, including Hong Kong's pioneering Modular Hydrogen Power Generation System pilot project at a recreational venue in Sai Kung. In addition to constructing a gas pipeline network and hydrogen extraction facilities for charging electric vehicles at that venue, the residual gas from hydrogen extraction will be used to support a combined heat and power system, delivering both electricity and hot water.

The Group will also support the development of a hydrogen energy standard certification in Hong Kong, positioning the city as a hub for hydrogen energy startups, applications and development.

The Group's Modular Hydrogen Power Generation System is a pilot project now underway at a recreational venue in Sai Kung, where it will provide electricity and hot water.

The Group collaborated with an energy equipment company to develop a hydrogen power generation module, providing integrated new energy solutions for construction sites and other applications.

In 2024, the Group's subsidiary Towngas Lifestyle restructured and integrated its extended businesses, focusing on three major business lines: smart kitchen solutions, insurance services and home safety products. It also enhanced product and service quality by using its digital platform to grow its extended businesses.

Bauhinia's new Silent Comfort range of kitchen appliances is designed to create a tranquil cooking space with minimal noise.

Smart Kitchen

In Hong Kong, increased public housing supply drove appliance sales, which rose by 2.3 per cent during the year. On the Chinese mainland, Towngas Lifestyle responded to national trade-in initiatives with its Worry-Free Replacement programme for Bauhinia products. Other industry-leading service guarantees included its "replace rather than repair within one year" and "extended five-year warranty" policies. In the kitchen cabinet business, a 72-hour kitchen renovation service received excellent customer feedback, significantly increasing product renewal rates. Over the year, the Bauhinia brand achieved remarkable sales of approximately 670,000 units.

Research and innovation also play a key role in the success of Towngas Lifestyle's Bauhinia line of products. During the year, two product lines with proprietary technologies were introduced: the Safe Core series of smart kitchen appliances, which are equipped with the TGSE Chip, the first security chip certified by the National Commercial Cryptography Algorithms; and the Silent Comfort series, which earned both national and industry top-level noise reduction certifications. Additionally, Bauhinia collaborated with Noritz and Angel to introduce co-branded heating stoves, water purifiers and other products, which received a positive response in the market.

Insurance and Home Safety

In the insurance segment, Towngas Lifestyle diversified its product offerings, stepped up its promotion of comprehensive gas insurance policies and improved its digital service to accelerate business growth.

In home safety, Towngas Lifestyle updated its gas alarm platform, with integrated "product + platform + service" solutions that are now in use across nearly 50 gas companies. By coordinating its in-home installation services, Towngas Lifestyle was able to begin offering personalised solutions with enhanced safety benefits and aesthetic value to generate additional revenue streams.

The Mia Cucina kitchen cabinet brand offers personalised solutions that have proven popular with customers.

The TGSE Chip, jointly developed by Towngas Lifestyle and StarFive Technology, won the prestigious China Chip award in September 2024.

Digitalisation and Innovation

Towngas Lifestyle is constantly forming strong ecosystem partnerships in order to build a smart kitchen ecosystem and promote digital transformation. Partnering with iFlytek, Towngas Lifestyle developed a smart customer service system based on the Towngas Customer Information System, which uses smart robots for voice hotlines, outbound calls and multichannel online services. AI technology is also being used to speed up responses to user enquiries with more precise answers, making the customer experience much more efficient and satisfactory. In partnership with Tencent Cloud, Towngas established a data analytics platform, which consolidates data from various systems and business lines across the Chinese mainland and Hong Kong, thus resolving the challenge of isolated data silos and enabling cross-system information sharing. Through the platform, gas companies can accurately identify the condition of customers' appliances, such as gas appliances exceeding their recommended service life or stoves showing signs of corrosion. By analysing this data, valuable insights can be gained on customer needs so that bespoke services such as appliance trade-ins can be offered.

During the year, the Moment+ Assistant tool developed by Towngas Lifestyle was in use across more than 100 gas companies with over 14,000 users. This tool helps staff perform safety inspections, maintenance and other services more efficiently, while helping Towngas develop more targeted appliance and insurance sales programmes through the data it provides. By the end of 2024, more than 3.85 million units of the TGSE Chip developed with StarFive Technology had been shipped. Applications have now expanded beyond smart gas meters to include gas alarm systems for a range of applications, from domestic settings to industrial gas networks. Since it was introduced, the security chip has evolved from a single-purpose use to include smart kitchens and home safety systems. In September 2024, the TGSE Chip received the prestigious China Chip award.

In future, the Group plans to introduce similar chip technology in Hong Kong to enhance smart gas management and promote the development of smart cities. In another development, the Towngas Lifestyle Cloud increased membership by 2.51 million users, bringing the total number of registered members to 20.05 million.

In 2025, the Group will begin integrating its extended businesses by strengthening synergy with its gas businesses to drive growth across its three major business areas of smart kitchen solutions, insurance services and home safety products. The Group also remains committed to providing "safe, healthy, and comfortable" one-stop lifestyle solutions through its digital lifestyle platform to residential customers on the Chinese mainland and in Hong Kong. The overall objectives of the Group with this platform is to establish it as a trusted household manager and create new sources of profit growth.

Gas Meter Manufacturing

M-Tech Metering Solutions Company Limited (M-Tech) specialises in the design and production of smart gas meters and systems. Building on narrowband IoT technology, M-Tech has introduced smart gas meters equipped with the proprietary TGSE Chip, catering for residential, commercial and industrial settings. These meters combine high safety standards with cost efficiency. With a focus on innovative technology and quality management, M-Tech has achieved certification under the three major ISO management systems, underscoring its commitment to delivering long-term value to customers and partners.

In 2024, M-Tech partnered with Japan's Aichi Tokei Denki Co., Ltd. and a Shandong-based measurement and control equipment firm to establish a joint venture. This collaboration aims to develop a new-generation ultrasonic flow meter, integrating high-precision sensors and leak-warning algorithms. Offering a 10-year warranty and assured battery endurance, the new meter provides commercial and industrial customers with a safer and more efficient gas metering option.

Achievements and Highlights

MSCI ESG Ratings 2024 — A	**S&P Global ESG Score 2024*** — 71 Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA * A constituent of the Dow Jones Sustainability Asia Pacific Index
FTSE4Good Index 2024 — Inaugural Inclusion in the FTSE4Good Index	**Hang Seng Corporate Sustainability Index ESG Rating 2024*** — AA+ Hang Seng Corporate Sustainability Index Series Member 2024-2025 * A constituent of the Hang Seng Corporate Sustainability Index Series
CDP Climate Change Score 2024 — B	**Sustainalytics ESG Risk Ratings 2024** — Medium Risk

Resilient Governance

Board Diversity

- A new female director was appointed to the Board during the year to enhance **gender diversity**.

Legal and Compliance

- **No significant** non-compliance in the areas of business ethics, health and safety, employment practices, customer management and environmental protection.
- **100%** of employees have completed anti-corruption training (Hong Kong, China).

Stakeholder Communication

- Communicated the Group's ESG performance to **20** internal and external stakeholders in four focus group discussions.

People-Centric

Safety

- **No** work-related fatalities among employees or contractors.
- **No** major incidents or chemical leakages occurred at chemical plants (Chinese mainland).
- Approximately **1.17 million** household safety inspections and over **17.57 million** household safety inspections[1] were conducted in Hong Kong and on the Chinese mainland, respectively.

Employee

- Average training hours for Group employees: **60.3 hours**.
- Gender pay ratio (base salary): **1:1** (Hong Kong, China).

Community

- The Towngas Concession Schemes benefitted over **40,000** local households, with a total value of over **HK$36 million**.
- Volunteer service hours:
  Hong Kong, China: **over 20,000 hours**
  Chinese mainland: **over 210,000 hours**
- The Gentle Breeze Movement was launched in 2013 on the Chinese mainland to support the underprivileged by improving the teaching environment in remote areas, reaching **16** provincial regions.
- Introduced a **"Social Impact Assessment"** based on international frameworks, with results to be disclosed in 2025.

[1] Only applies to city-gas operations.

Towards Carbon Neutral

Climate Change

- Scope 1 and 2 greenhouse gas emissions dropped by **9%** from the 2020 baseline year.

Green Energy

- The number of zero-carbon smart industrial parks with the Group's renewable energy projects has grown to **128**, with a cumulative grid-connected distributed PV capacity of **2.3 GW**.
- The annual production capacity of green methanol at the Inner Mongolia Autonomous Region plant is expected to reach **150,000 tonnes** by the end of 2025.
- The **first** "green hydrogen" project of the territory was officially launched.
- EcoCeres produced approximately **180,000 tonnes** of sustainable aviation fuel in 2024.

Energy Saving and Consumption Reduction

- **100%** of local residential gas cookers and water heaters achieved the Mandatory Energy Efficiency Labelling Scheme (MEELS) Grade 2 or higher energy efficiency standards.

Waste Recycling

- Introduced the territory's first gas-powered food waste processing machine, which can reduce food waste volume by **over 90%**.

Low-Carbon Technology

- The third TERA-Award Smart Energy Innovation Competition attracted **450** technology projects from **59** countries and regions. The award-winning projects presented solutions for reducing carbon emissions in the energy sector.

Stakeholder Partnership

Supplier Management

- The Group becomes the **first** utility company in Greater China to launch a sustainability-linked supplier payment solution.
- More than **90%**[1] of critical tier 1 suppliers have adopted the S-Carbon platform to quantify their greenhouse gas data.

Quality Management

- Gas supply achieved up to **99.992%** reliability (Hong Kong, China).
- The emergency team arrived on site in an average of **21.12 minutes** (Hong Kong, China).
- The overall customer satisfaction rate for the extended business brand, Bauhinia, reached **99.5%**.

1 Based on total purchase value of products and materials (Hong Kong, China operations and mainland city-gas business).

As a century-old company with a rich heritage, Towngas upholds the principle of "bringing long-term benefits for our planet, society and stakeholders". Through its comprehensive Environmental, Social and Governance (ESG) practices, Towngas is maintaining its commitment to promoting sustainable development and creating a better world for our planet, society and stakeholders.

Tough Times Create Smarter Teams

For 163 years, colleagues across the Group have been working closely together to ensure steady progress across all our ventures.

In September 2024, 70 staff members from different business segments embarked on a remarkable journey of retracing the ancient Xuanzang Route over three challenging days. Together, they took around 6,600 kilometres of footsteps across the Gobi Desert, supporting one another under a scorching sun and through bitter rains. During this arduous journey, they overcame countless obstacles and successfully completed this formidable challenge.

This expedition not only strengthened bonds among our people but also embodied the Group's guiding principle of "Tough Times Create Smarter Teams".

In an ever-shifting global landscape, we remain firm in our belief that by harnessing our collective wisdom and strengths, we can continue to rise above difficulties, drive steady development, secure our century-old foundation and transform challenges into opportunities.

The opening ceremony of the Biodiversity and New Energies Symposium.

Strengthening Corporate Governance to Enhance Business Resilience

To strengthen ESG management, the Board appointed a female Independent Non-Executive Director during the year to promote gender diversity at the Board level. All Board members receive regular ESG training on topics including climate change, green finance and regulatory requirements to deepen their understanding of ESG matters. These initiatives strengthen the Group's governance structure and better position it to address risks.

Additionally, the Group links five per cent of the variable compensation of its Managing Director and relevant senior executives to the achievement of ESG objectives in order to sharpen management's focus on ESG. The Group also offers additional performance bonuses to employees who excel in ESG projects, motivating them to contribute and integrate ESG concepts into the corporate culture.

Carbon Neutrality from a Holistic Perspective

In response to the national 30–60 dual carbon goals and the HKSAR Government's action plan to achieve carbon neutrality by 2050, the Group has established partnerships with various local and international organisations. It also supports innovative projects promoting the application of clean energy in the sea (green methanol), on land (hydrogen) and in the air (sustainable aviation fuel).

To support National Ecology Day on 15th August, the Group and its subsidiary Towngas Smart Energy and sustainability partner The Hong Kong Management Association co-organised the Biodiversity and New Energies Symposium. The event featured presentations and roundtable discussions by experts from different sectors. During the session, participants discussed the opportunities and challenges of green transport energy, nature-related ESG disclosure and regulatory developments, as well as ways for corporations to integrate biodiversity considerations into their operations. The full-day symposium recorded over 5,000 participations, with attendees joining in person or via webcast. They included representatives from foreign consulates and economic and trade organisations, highlighting the growing global focus on new energy and biodiversity.

To promote green and sustainable finance, the Group launched the Towngas Green Supply Chain Finance Programme, making it the first utility company in Greater China to introduce a supplier payment service solution linked to sustainability performance. Through collaboration with a bank, suppliers that meet specific ESG requirements qualify for more favourable loan interest rates, encouraging them to join the Group in building a sustainable, low-carbon future.

The third TERA-Award Competition attracted entries from technology innovation teams across the world.

TERA-Award Smart Energy Innovation Competition

The TERA-Award, initiated by the Group's Chairman, Dr. the Hon. Lee Ka-Kit, held its 3rd edition in 2024. Cumulatively, the competition has attracted nearly 1,000 zero-carbon technology startups from 59 countries and regions around the world.

During the year, applications were opened for the 4th edition of the TERA-Award Competition, covering a broader range of technology fields. The competition categories now include feedstock processing technology for sustainable biomass, SAF and green methanol. These new inclusions aim to attract more green energy startups to the competition.

The previous three competitions have helped numerous startups progress towards commercialisation. During the year, Luquos Energy, the Bronze Award winner of the first TERA-Award and recipient of strategic investment from the Group, launched the first demonstration project of a sulphur-based flow battery energy storage system in Shenzhen. This milestone has accelerated its commercialisation, with plans for large-scale mass production by 2027. The Gold Award winner of the second TERA-Award, i2Cool, has completed its Series A financing. Its core products, including electricity-free cooling coatings and membranes, have been deployed in over 100 projects worldwide.

Through years of development, the TERA-Award has evolved beyond a competition to become an accelerator for green energy startups and helped to bring more smart energy research to market.

With the Group's support, Luquos Energy, Bronze Award winner of the inaugural TERA-Award, successfully launched its sulphur-based flow battery system in Shenzhen during the year.

In celebration of the 25th anniversary of the Towngas Volunteer Service Team, volunteers took on the roles of restaurant staff to serve the elderly and their carers.

Commitment to the Community

As a socially-responsible utility company, the Group has consistently maintained close communication and cooperation with government departments, communities and NGOs throughout the years. In 2024, the Towngas Volunteer Service Team celebrated its 25th anniversary. Since its establishment in 1999, the team has continuously expanded its service scope, with beneficiary groups now including the elderly, teenagers, grassroots families, ethnic minorities, people with disabilities, and more. Total service hours have exceeded one million, with the number of beneficiaries reaching over 8.5 million.

Youth growth and development is another key focus for the Group. In addition to supporting the Government's Strive and Rise Programme, the Group participated in the Government's Scheme on Corporate Summer Internship on the Mainland and Overseas for a fourth consecutive year. The aim of the programme is to encourage local youths to work and receive training on the Chinese mainland and overseas, helping them deepen their understanding of various industries.

Mentees and mentors of the Strive and Rise Programme visited the Towngas Headquarters to learn about the businesses and latest developments of the Group.

The Towngas Dragon Boat Team's remarkable spirit of unity and camaraderie has been preserved throughout the years.

Passing the Torch

Established in 1985, the Towngas Dragon Boat Team has achieved excellent results in the past 40 years, thanks to the dedication of team members. In 2024, the team participated in seven local tournaments, winning seven championships, five first runner-up titles and two second runner-up titles. The team also earned dual championships in the National Day Cup Invitation Race Final and Industrial Race Final at the Dragon Boat Festival Tai Po District Dragon Boat Race.

Dragon boat racing is not only a test of physical endurance but also a powerful demonstration of teamwork and unity, embodying the spirit of "One Boat, One Heart". In addition, the Group is helping to popularise sports through the acquisition of indoor dragon boat machines and other facilities, showcasing its commitment to employees' health and team building.

The Towngas Dragon Boat Team has carried forward its proud tradition, achieving excellent results in multiple competitions throughout 2024.

The Green Flame Campus Ambassadors visited the gas production plant in Tai Po to gain first-hand insights into gas production and hydrogen energy solutions, enhancing their understanding of the energy industry.

During the year, the Towngas Green Flame Energy Scientist Programme visited over 20 schools to present energy engineering and environmental topics to more than 3,000 students. Through this programme, the Group hopes to lay a solid foundation for the holistic development and sustainable future of the younger generation.

Remarkable Performance and Wide Recognition

Over the past year, the Group achieved further significant ESG milestones. For the third consecutive year, the Group was selected as a constituent of the Dow Jones Sustainability Asia Pacific Index, making it the only gas utility represented on the Index. It also maintained its inclusion in the S&P Global *Sustainability Yearbook 2024 (China Edition)*, ranking among the top 1% of Chinese companies in the CSA Score in the gas utilities category. Moreover, the Group once again earned a place in the Hang Seng Corporate Sustainability Index Series, with an outstanding rating of AA+, for the 14th consecutive year. In a notable achievement, the Group became the only company to receive two awards in the climate governance category at the inaugural Climate Governance Awards organised by the Hong Kong Institute of Directors. In addition, the Group maintained its leading position in all four categories of the Chinese University of Hong Kong's Business Sustainability Indices (BSI). These impressive results clearly demonstrate the strong returns from the Group's ESG investments.

Risk Factors

In the risks discussed below, we highlight the factors that could have an adverse material effect on the Group's revenues, cash flows, market competitiveness and operations in Chinese mainland and Hong Kong. For further details on how the Group manages its risks, please refer to the "Risk Management and Internal Control" section of our Corporate Governance Report on pages 97 to 101.

Business Environment

According to the United Nations' "World Economic Situation and Prospects 2025" published in January 2025, global economy continued to show resilience in 2024, with an estimated economic growth rate of 2.8 per cent, the same as in 2023. Global economic growth is forecasted to be 2.8 per cent in 2025. Enduring the impact of weak investment, sluggish productivity, and high debt levels on global economic performance, global economic growth has stagnated and remains below the pre-pandemic 10-year annual average of 3.2 per cent. According to the International Monetary Fund (IMF)'s "World Economic Outlook" published in January 2025, the global headline inflation rate is forecasted to decline steadily, from 5.8 per cent in 2024, to 4.2 per cent in 2025. Factors such as intensification of protectionist policies, exacerbated trade frictions and geopolitical tensions contribute to the uncertainty in global economic growth and inflation.

The Federal Open Market Committee (FOMC) of the Federal Reserve (the Fed) lowered interest rates by 100 basis points in 2024. In January 2025, FOMC decided to keep the target range for the federal funds rate unchanged, and stated that the economic outlook is uncertain and FOMC is attentive to the risks to achieving its employment and inflation goals. The Hong Kong Monetary Authority expected that the Fed's pace of future rate cuts remains uncertain as it is dependent on US inflation and labour market data developments, the effect of previous rate cuts, as well as the impact of fiscal, economic and trade policies adopted by the new administration on economic activity.

According to preliminary estimates by the National Bureau of Statistics, the Chinese mainland's gross domestic product (GDP) recorded a year-on-year growth of 5.0 per cent in 2024, similar to the growth in 2023. In December 2024, the annual Central Economic Work Conference highlighted that the adverse effects of changes in the external environment have deepened. The Chinese mainland economy continues to face numerous difficulties and challenges, primarily due to insufficient domestic demand, operational difficulties for some enterprises, and pressure on employment and income growth for the population. The Chinese mainland's Purchasing Managers' Index (PMI) for the manufacturing sector was 50.1 per cent in December 2024, a decrease of 0.2 percentage point from the previous month. In 2024, the Chinese mainland supported economic development through a series of policies, including lowering the reserve requirement ratio for financial institutions, reducing policy interest rates, lowering existing mortgage rates, ratcheting up efforts to further reverse the downturn of and stabilise the real estate market, and the RMB12 trillion local government debt swap programme.

According to the annual Central Economic Work Conference in December 2024, the Chinese mainland will implement more proactive and impactful macro policies in 2025. These policies include vigorously boosting consumption, improving investment efficiency, expanding domestic demand on all fronts, driving development of new quality productive forces through scientific and technological innovation, and adopting a more proactive fiscal policy and moderately loose monetary policy.

Hong Kong's economy continues to grow moderately. Real GDP recorded a year-on-year growth of 2.5 per cent in 2024, while the growth was 3.2 per cent in 2023. The overall inflation remained modest in 2024. For 2024, the underlying consumer price inflation rate averaged 1.1 per cent, down from 1.7 per cent in 2023. Visitor arrivals to Hong Kong continued to recover, reaching 44.5 million in 2024, a 30.9 per cent increase compared to 2023 and 68.3 per cent of 2018 (pre-pandemic).

The HKSAR Government stated that, looking ahead, the Hong Kong economy is expected to register further growth in 2025 despite heightened uncertainties in the external environment. Trade protectionist policies implemented by the United States may disrupt global trade flows and adversely affect Hong Kong's goods exports. They may also lead to a slower pace of interest rate cuts in the US and keep the Hong Kong dollar strong for longer. Nevertheless, the Chinese mainland's proactive policy to boost its economy will help bolster market confidence and benefit a wide spectrum of economic segments in Hong Kong. The Central Government's various measures benefitting Hong Kong, coupled with the HKSAR Government's wide range of initiatives to promote economic growth, will also provide support to various economic activities.

Additionally, 2024 was a significant year for the development of generative artificial intelligence, with the rapid decline in the cost of large model services and the rise of open-source large models on the Chinese mainland. This technological breakthrough will further advance the development and application of artificial intelligence, bringing more convenience and progress to human society.

Business challenges faced by the Group include a slowdown in natural gas demand owing to global warming, competition from electricity providers in Hong Kong, and direct sales by upstream gas companies, as well as suppliers of liquefied natural gas (LNG) and alternative energy sources on the Chinese mainland.

Other threats to our business include the increased number of extreme weather events, rising commodity prices due to logistics interruptions, information security risk and changes in government policy, all of which could also affect our operations.

Our strategy for dealing with business risks continues to be critical for the sustainable growth and success of the Group. We remain prudent in our capital investments and seek ways to improve the productivity and cost-effectiveness of all our operations. Credit monitoring is also reinforced to minimise the risk of customer default.

In 2024, frequent occurrences of extreme weather events were observed globally, intensely impacting public services. The Group has implemented various climate resilience measures, including enhancing flood prevention facilities and introducing ultrasonic technology for pipeline inspections, ensuring a safe and reliable gas supply.

According to the World Meteorological Organisation's analysis, 2024 was the hottest year ever recorded on Earth. The global average temperature from 1850 to 2024 is 1.55°C higher than the average from 1850 to 1900, surpassing the 1.5°C threshold for the first time. In response to global climate change, the Group is actively transforming from a traditional utility company into a leading integrated clean energy supplier. The Group is developing "Growth businesses" targeting energy sectors in the "sea, land, and air" domains, including green methanol, hydrogen, and sustainable aviation fuel (SAF). By seizing opportunities in green energy development, the Group supports the achievement of carbon neutrality. Additionally, the Group actively introduces strategic investors and partners to develop renewable energy business using an asset-light model, contributing to the sustainable development of the country.

As part of our green initiative to combat climate change and achieve carbon neutrality, we continue to advance hydrogen development. For example, we are taking the lead in responding to the Government's Strategy of Hydrogen Development in Hong Kong, to develop Hong Kong's first green hydrogen pilot project at a landfill in Tseung Kwan O, utilising biogas.

EcoCeres, Inc., in which the Group holds shares, converts biomass waste into a wide range of biofuels, biochemicals, and biomaterials. EcoCeres has commercial production capabilities for hydrotreated vegetable oil (HVO) and SAF. Through enhanced technological research and development and capacity improvement, it has successfully increased the production capacity and output proportion of SAF.

The Group's green methanol production plant in Inner Mongolia Autonomous Region utilises self-developed technology to convert waste tires, biomass, and urban waste into green methanol. It is the first company in Asia to mass-produce green methanol certified by the ISCC EU and ISCC PLUS certifications.

Reliability of Gas Supply

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

A major risk of interruption to our feedstock supply for natural gas includes the possibility of adverse weather delaying LNG tankers. We have addressed this risk under our diversified production strategy, in which we have given our Tai Po production plant the capability of switching between natural gas and naphtha for feedstock.

On the Chinese mainland, to facilitate more efficient gas inventory management and reduce supply bottlenecks during high-demand periods, we have built LNG storage facilities. Additionally, we constructed a natural gas storage facility at our underground salt caverns in Jiangsu province. The Group's gas resources segment strategically coordinates natural gas supply and transmits gas flexibly through the national pipeline network for the Group's gas business. A variety of energy sources have also been obtained, including unconventional piped natural gas on the Chinese mainland and gas obtained through the reinforcement of our pipeline network interconnections.

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

Production and Network Safety

Preventing gas leakages or explosions in our production and storage facilities, and gas transportation networks is a top priority for Towngas. Risks include the possibility of damage to critical facilities or related infrastructure from a third party, a security threat or extreme weather events such as typhoons, floods or landslides.

These and other factors affecting the safety of our infrastructure or causing an interruption to service would have a significant legal, financial and/or reputational impact on the Group.

Therefore, to mitigate these risks, Towngas conducts regular reviews of all operating procedures, implements targeted strategies for addressing them, and proactively enhances on-site safety inspections. For example, our Total Quality Management system covers all critical production, storage, transmission and distribution facilities, as well as renewable energy systems. We have established a centralised platform for our gas operations on the Chinese mainland to optimise operational management on safety. We also manage our assets according to international standards and external certifications, and maintain insurance coverage against any property damage or financial loss.

Financial Liquidity

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping adequate free cash and credit lines available.

Information Security

Our business operations are dependent on information technology systems that are vulnerable to critical system failure, leakage or loss of sensitive information, which would adversely affect the Group's business. To safeguard our operations against information security threats, we have protective measures to manage data loss and monitor suspicious cyber activities. We also commission third parties to perform security assessments. We enhance employees' awareness of information security and have developed system contingency plans for system failure with regular drills. Furthermore, regulatory requirements relating to information security in Chinese mainland and Hong Kong are under close scrutiny for proper compliance.

Ethics and Integrity

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

Health and Safety

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

To mitigate and contain the risks directly or indirectly under our control, we encourage staff at all levels to monitor and report any hazards and/or potential threats. We also have comprehensive safety guidelines and measures that ensure our safety performance conforms to the highest industry standards. Our safety management system, certified for compliance with international standards, is reviewed and updated regularly. We also emphasise the importance of maintaining a comprehensive and effective safety and health culture by providing staff and contractors with systematic professional, technical and safety-related training.

Financial Resources Review

Liquidity and capital resources

As at 31st December 2024, the Group had a net current borrowings position of HK$7,101 million (after reclassification of convertible bonds to current liabilities, 31st December 2023: HK$9,873 million) and long-term borrowings of HK$43,961 million (after reclassification, 31st December 2023: HK$38,858 million). In addition, banking facilities available for use amounted to HK$30,000 million (31st December 2023: HK$25,300 million).

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

Financing structure

In May 2009, the Group established a US$1 billion Medium Term Note Programme (the "Programme") which gives the Group the flexibility to issue notes at favourable terms and timing. In June 2021, the Programme was updated with the size increased to US$5 billion. Medium term notes totalling HK$6,027 million, with an average tenor of 5.5 years, have been issued in 2024. In line with the Group's long-term business investments, as at 31st December 2024, the total nominal amount of medium term notes issued has reached HK$24.2 billion with tenors ranging from 2 to 40 years, mainly at fixed interest rates with an average of 3.6 per cent per annum and an average tenor of 12.8 years. In addition, our major listed subsidiary company Towngas Smart Energy Company Limited ("Towngas Smart Energy") also established its Medium Term Note Programme of US$2 billion in June 2021, which add flexibility and capacity to its financing, and thus strengthening its financial position. In April 2022, Towngas Smart Energy issued its first 5-year Sustainability-Linked Bond (the "SLB") and raised a total of US$200 million. As at 31st December 2024, the total nominal amount of medium term notes issued has reached RMB1.8 billion, mainly at fixed interest rates with an average of 4.2 per cent per annum and an average tenor of 4.4 years. The carrying value of the issued notes in Renminbi ("RMB"), Australian dollar ("AUD"), Japanese yen ("JPY"), United States dollar and Hong Kong dollar under the Programmes (the "MTNs") as at 31st December 2024 was HK$25,983 million (31st December 2023: HK$23,754 million).

To further diversify the funding sources, Towngas Smart Energy issued its first 1-year and 3-year Panda Bonds on the Chinese mainland in June 2023, raising a total of RMB1.5 billion with an average annual interest rate of 3.27 per cent. Among them is the first sustainability-linked Panda Bond issued by a Hong Kong enterprise on the Chinese mainland. The 1-year RMB1 billion Panda Bond was repaid on 12th June 2024. The carrying value of the Panda Bond as at 31st December 2024 was HK$533 million.

Additionally, Towngas Smart Energy became the first Hong Kong-listed company to issue an "asset-backed security programme" ("Quasi-REITs") for industrial and commercial distributed photovoltaic and energy storage facilities in the Chinese mainland market during the year, with a scale of RMB515 million featuring a priority security coupon rate of 2.3 per cent, successfully reducing financing costs and enhancing the Group's financial resilience.

As at 31st December 2024, the Group's borrowings amounted to HK$57,422 million (31st December 2023: HK$57,769 million). Convertible bonds ("CB") of nominal amount at RMB1,836 million were issued by Towngas Smart Energy to a strategic investor in November 2021 and the carrying value of the debt component of the issued CB as at 31st December 2024 was HK$1,850 million (31st December 2023: HK$1,858 million). While the majority of the notes and CB mentioned above together with some bank and other loans had fixed interest rate and were unsecured, a certain portion of notes and the remaining bank and other loans were unsecured and had a floating interest rate, of which HK$13,526 million (31st December 2023: HK$15,822 million) were long-term and HK$7,623 million (31st December 2023: HK$5,996 million) had maturities within one year. As at 31st December 2024, the maturity profile of the Group's borrowings was 23 per cent within 1 year, 26 per cent within 1 to 2 years, 31 per cent within 2 to 5 years and 20 per cent over 5 years (after reclassification, 31st December 2023: 33 per cent within 1 year, 19 per cent within 1 to 2 years, 30 per cent within 2 to 5 years and 18 per cent over 5 years).

As at 31st December 2024, the AUD, JPY and a certain portion of RMB notes issued and the USD SLB issued by Towngas Smart Energy are hedged to Hong Kong dollars or Renminbi respectively by currency swaps. Except for the borrowings under Towngas Smart Energy and that of the subsidiaries in the Chinese mainland are arranged in or hedged to their functional currency in Renminbi, the Group's borrowings are primarily denominated in Hong Kong dollars after swap (Hong Kong dollar borrowings: HK$31,643 million; Renminbi borrowings: HK$5,070 million).

In February 2019, the Group re-issued Perpetual Subordinated Guaranteed Capital Securities (the "Perpetual Capital Securities") of US$300 million and the proceeds were mainly used to refinance the 2014 first-issued perpetual capital securities redeemed in January 2019. The Perpetual Capital Securities are at a distribution rate of 4.75 per cent per annum for the first five years and thereafter at fixed distribution rate. With no fixed maturity and the distribution payment can be deferred at the discretion of the Group. On 22nd December 2023, the Group announced that it will redeem all of the Perpetual Capital Securities on the first call date of 12th February 2024. In this connection, the Perpetual Capital Securities were re-classified as redeemable perpetual securities under current liabilities as at 31st December 2023. The redemption was completed on 14th February 2024 after payment has been made in accordance with terms and conditions of the Perpetual Capital Securities.

The gearing ratio (net borrowings/(total equity + net borrowings)), for the Group as at 31st December 2024 was 43 per cent (31st December 2023: 41 per cent).

Guarantee

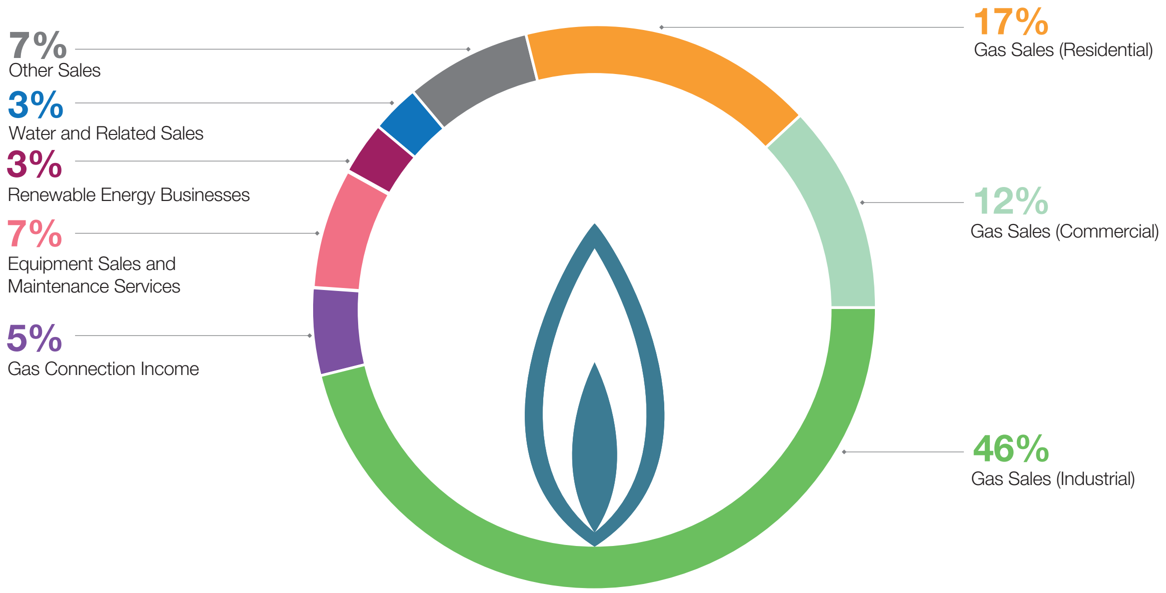
As at 31st December 2024 and 2023, the Group did not provide any guarantee in respect of bank borrowing facilities made available to any associates, joint ventures or third parties.

Currency profile

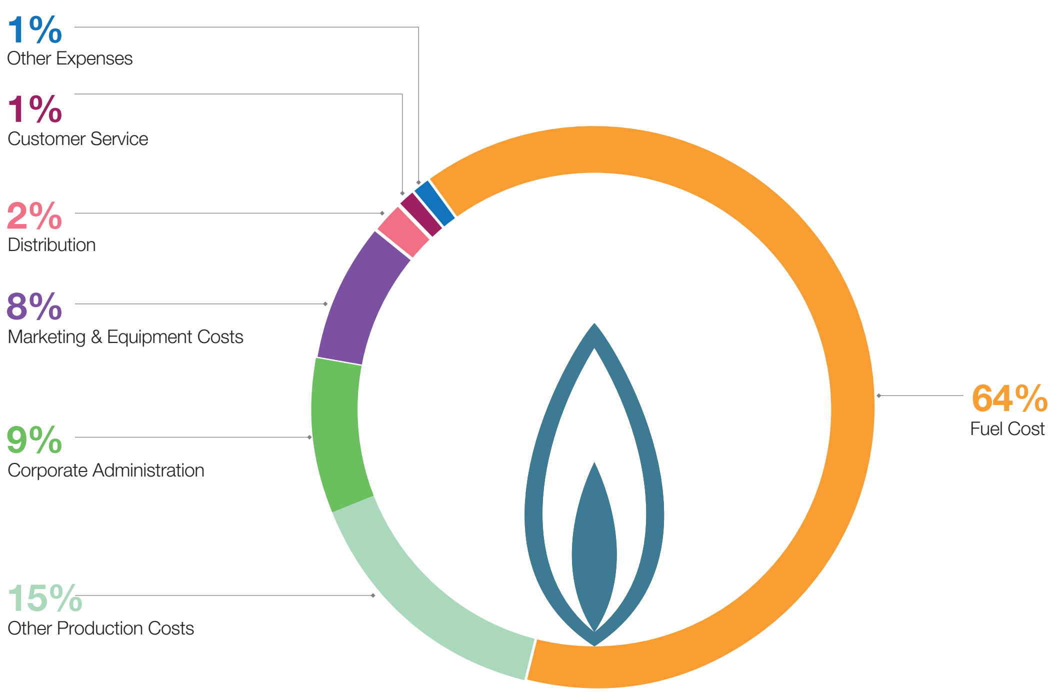
The Group's operations and activities are predominantly based in Hong Kong and the Chinese mainland. As such, its cash, cash equivalents or borrowings are mainly denominated in Hong Kong dollars, Renminbi or United States dollars, whereas borrowings for the Group's subsidiaries, associates and joint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

2024 Financial Analysis

Analysis of Revenue



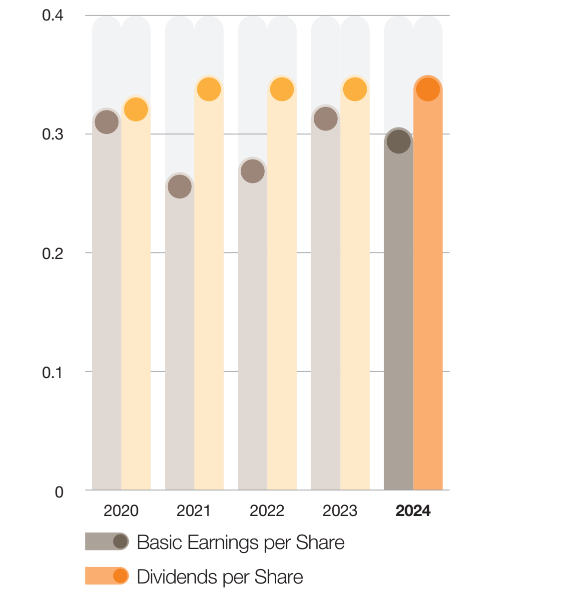
Analysis of Expenditures



Five-Year Financial Statistics

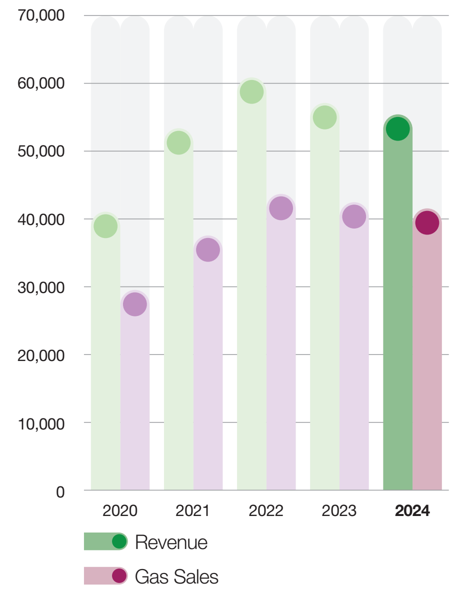
Basic Earnings and Dividends per Share

(HK$)



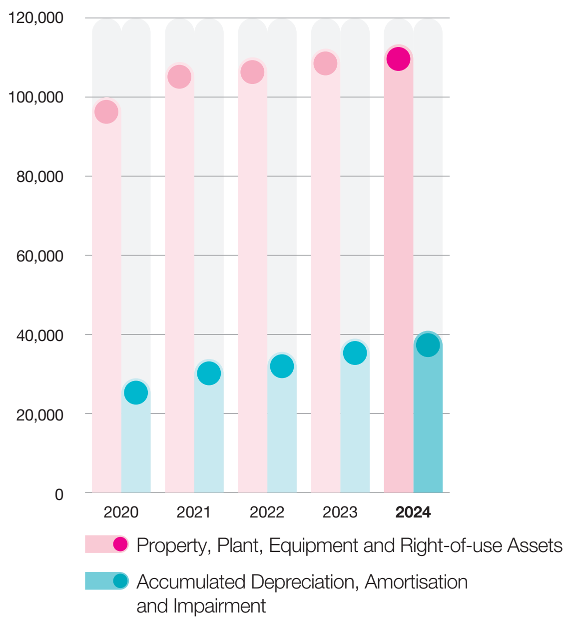
Revenue and Gas Sales

(HK$ million)



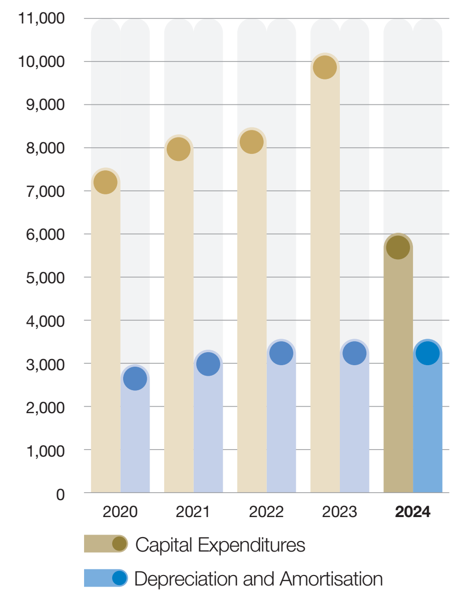
Property, Plant, Equipment and Right-of-use Assets

(HK$ million)



Capital Expenditures

(HK$ million)



Comparison of Ten-Year Results

	2024	2023	2022
HIGHLIGHTS			
Town Gas Sold in Hong Kong, million MJ	**27,159**	27,125	27,398
Gas Sold by City-gas Business on the Chinese mainland, million m^3, natural gas equivalent#	**36,355**	34,699	32,066
Number of Customers in Hong Kong as at 31st December, thousand	**2,037**	2,020	1,995
Number of City-gas Customers on the Chinese mainland as at 31st December, thousand#	**42,491**	40,186	37,293
RESULTS	**HK$ M**	HK$ M	HK$ M
Revenue	**55,472.8**	56,971.1	60,953.4
Profit before Taxation	**8,490.4**	9,174.4	8,183.6
Taxation	**(1,729.2)**	(2,003.1)	(1,859.2)
Profit after Taxation	**6,761.2**	7,171.3	6,324.4
Holders of Perpetual Capital Securities	**—**	(108.4)	(111.5)
Non-controlling Interests	**(1,049.7)**	(992.8)	(965.0)
Profit Attributable to Shareholders	**5,711.5**	6,070.1	5,247.9
Dividends	**6,531.0**	6,531.0	6,531.0
ASSETS AND LIABILITIES			
Property, Plant, Equipment and Right-of-use Assets	**72,648.1**	73,416.8	74,632.1
Investment Property	**966.6**	1,001.1	996.5
Intangible Assets	**4,388.0**	4,463.2	5,340.2
Associates	**36,074.7**	36,064.1	34,178.1
Joint Ventures	**10,612.1**	10,884.1	11,163.0
Non-current Financial Assets*	**3,248.6**	3,613.6	6,777.0
Other Non-current Assets	**5,989.9**	5,900.9	6,671.4
Current Assets	**24,340.6**	26,633.8	28,711.0
Current Liabilities	**(36,067.5)**	(42,094.0)	(43,522.8)
Non-current Liabilities	**(53,867.6)**	(48,864.9)	(49,807.8)
Net Assets	**68,333.5**	71,018.7	75,138.7
Capital and Reserves			
Share Capital	**5,474.7**	5,474.7	5,474.7
Reserves	**47,623.9**	50,086.3	51,461.0
Proposed Dividend	**4,291.8**	4,291.8	4,291.8
Shareholders' Funds	**57,390.4**	59,852.8	61,227.5
Perpetual Capital Securities	**—**	—	2,384.2
Non-controlling Interests	**10,943.1**	11,165.9	11,527.0
Total Equity	**68,333.5**	71,018.7	75,138.7
Basic Earnings per Share, HK Dollar	**0.31**	0.33	0.28
Dividends per Share, HK Dollar	**0.35**	0.35	0.35
Dividend Cover	**0.87**	0.93	0.80

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

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

2021	2020	2019	2018	2017	2016	2015
27,677	27,947	28,712	29,550	29,049	28,814	28,404
31,080	26,900	25,550	23,000	19,500	17,140	15,540
1,965	1,944	1,934	1,909	1,883	1,859	1,839
35,030	31,810	29,780	27,540	25,380	23,100	20,903
HK$ M	HK$ M	HK$ M	HK$ M	HK$ M	HK$ M	HK$ M
53,563.7	40,927.0	40,628.1	39,073.0	32,476.5	28,557.1	29,591.3
8,380.7	8,925.6	10,403.9	12,339.5	11,096.7	9,845.7	9,906.0
(2,155.0)	(1,713.2)	(2,289.6)	(1,907.6)	(1,749.8)	(1,575.9)	(1,726.7)
6,225.7	7,212.4	8,114.3	10,431.9	9,346.9	8,269.8	8,179.3
(110.9)	(110.3)	(98.6)	(107.4)	(111.2)	(110.5)	(110.5)
(1,097.8)	(1,094.8)	(1,050.0)	(1,011.7)	(1,010.4)	(818.6)	(766.8)
5,017.0	6,007.3	6,965.7	9,312.8	8,225.3	7,340.7	7,302.0
6,531.0	6,220.0	5,923.8	5,385.3	4,895.7	4,450.9	4,046.6
75,160.2	70,936.1	63,807.9	60,193.3	58,056.7	51,226.2	49,417.5
849.0	827.0	830.0	778.0	764.0	729.0	713.0
5,607.2	5,462.9	5,291.1	5,682.1	5,883.6	5,572.4	5,819.5
36,149.9	28,670.3	27,475.5	26,314.1	23,393.4	20,485.0	19,591.9
12,575.2	11,981.2	10,613.5	10,950.3	10,889.2	9,226.5	9,288.2
7,549.9	7,485.1	8,172.5	4,633.7	4,289.9	4,967.1	4,567.0
5,988.1	4,761.0	4,150.2	3,529.4	3,419.3	3,366.3	2,533.3
24,187.9	20,156.6	20,129.4	20,612.2	24,365.8	21,170.9	23,632.9
(38,533.7)	(29,806.3)	(26,167.5)	(26,150.9)	(31,948.1)	(19,547.5)	(23,180.6)
(47,694.9)	(41,320.6)	(38,905.9)	(36,348.9)	(28,867.9)	(34,297.9)	(30,269.8)
81,838.8	79,153.3	75,396.7	70,193.3	70,245.9	62,898.0	62,112.9
5,474.7	5,474.7	5,474.7	5,474.7	5,474.7	5,474.7	5,474.7
57,659.9	57,196.4	54,841.9	53,387.1	51,746.9	45,532.6	44,707.7
4,291.8	4,087.4	3,892.8	3,538.9	3,217.2	2,924.9	2,659.0
67,426.4	66,758.5	64,209.4	62,400.7	60,438.8	53,932.2	52,841.4
2,384.2	2,384.0	2,384.2	—	2,354.1	2,353.8	2,353.8
12,028.2	10,010.8	8,803.1	7,792.6	7,453.0	6,612.0	6,917.7
81,838.8	79,153.3	75,396.7	70,193.3	70,245.9	62,898.0	62,112.9
0.27	0.32	0.37	0.50	0.44	0.39	0.39
0.35	0.33	0.32	0.29	0.26	0.24	0.22
0.77	0.97	1.18	1.73	1.68	1.65	1.80

Report of The Directors

The Directors have pleasure in submitting to shareholders their Report and the audited financial statements for the year ended 31st December 2024 which are to be presented at the Annual General Meeting to be held at Meeting Room N101 (Expo Drive Entrance) as the principal meeting place and Hall 1A (Expo Drive Entrance) as the additional meeting venue, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Wednesday, 4th June 2025.

Principal Activities

The principal activities of the Company and its subsidiaries (collectively, the "Group") are the production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses in Hong Kong and the Chinese mainland. Particulars of the principal subsidiaries of the Company are shown from pages 228 to 248 of this Annual Report. Revenue and contribution to operating profit are mainly derived from activities carried out in Hong Kong and the Chinese mainland.

Results and Appropriations

The results of the Group for the year ended 31st December 2024 are set out in the consolidated income statement and the consolidated statement of comprehensive income on pages 111 and 112 of this Annual Report respectively.

An interim dividend of HK12 cents per share was paid to shareholders on 11th September 2024 and the Directors recommend a final dividend of HK23 cents per share payable on 23rd June 2025 to shareholders whose names are on the register of members of the Company on 12th June 2025.

Business Review

A review of the business of the Group during the year is provided from pages 2 to 63 of this Annual Report, with particulars of important events affecting the Group that have occurred since the end of the year ended 31st December 2024, an analysis of the Group's performance using financial key performance indicators, and a discussion of the Group's future business development plans. A description of the possible risks and uncertainties that the Group faces are set out from pages 54 to 57. The Group's approach to financial risk management can be found in Note 3 to the consolidated financial statements. In addition, discussions of the Group's relationships with its key stakeholders, environmental policies and performance, and compliance with relevant laws and regulations that have a significant impact on the Group can be found from pages 24 to 53 and pages 80 to 104, respectively.

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

Business Review *(Continued)*

Ensuring intrinsic safety and reinforcing the main responsibility for safety is a top priority for the Group. The Group has been committed to preventing gas leaks or explosions in production and storage facilities, gas pipelines, and distribution networks. In the Hong Kong gas business, the gas safety requirements are covered by the Gas Safety Ordinance (Cap. 51 of the Laws of Hong Kong), with which the Group complies fully at all times. The Group conducts regular reviews of all operating procedures to mitigate these risks and implements targeted strategies for addressing them. The Group also manages its assets according to international standards and external certifications, and maintains insurance coverage against any property damage or financial loss.

The Group collects and keeps customers' personal data necessary for the provision of the Group's services. Customers are required to supply personal data to the Group in connection with the opening or operation of gas accounts, and when the Group provides other related facilities and services. The Group takes every step necessary to protect its customers' data and has established a Personal Data Privacy Policy that sets out its standards for handling customer information. The Group complies with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).

The Group is governed by the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and all anti-bribery laws, which include zero tolerance towards corruption and related malpractice. The Group complies with the Prevention of Bribery Ordinance. The Group adopts its Code of Conduct and is not aware of any incidents within the Group which contravenes the anti-bribery requirements set out in the Code of Conduct. Moreover, an Anti-fraud Policy is in place to promote integrity as a core company value. The Group further insists that all staff and business partners adhere to both the letter and the spirit of the law during the course of business. All employees are strictly forbidden from giving or accepting bribes and must never offer an advantage to, or ask for an advantage from, customers, suppliers, contractors, regulators and legislators, government authorities or other business partners.

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

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

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

Business Review *(Continued)*

The Group attaches great importance to compliance in business operations, adhering to the baseline of compliance to mitigate risks, seeking support from relevant national policies, and creating compliance value for the Group's business development. The Group is comprehensively and deeply promoting the construction of the compliance system for its Chinese mainland business by referencing the "Compliance management systems-Requirements with guidance for use" (ISO 37301:2021, GB/T35770:2017). The Group's Managing Director, Executive Director, and Executive Management members have formed the Compliance Management Committee for the Chinese mainland business, the Managing Director serves as the Chairman of the Committee, and the Chief Legal Officer as the Chief Compliance Officer.

Given the leading, infrastructural, and public nature, as well as the network-based natural monopoly characteristics of the Chinese mainland's public utility businesses (including urban gas, water supply, and sewage treatment), the Group has formulated key compliance policies for its mainland operations, such as the "Antitrust Compliance Guidelines for Mainland Operations of The Hong Kong and China Gas Company Limited", in alignment with the guidance provided by national competition law frameworks and enforcement practices. Additionally, the Group has conducted compliance training for all general managers and relevant personnel involved in its mainland operations.

The Group complies with the newly promulgated or revised laws and administrative regulations of 2024 and makes corresponding preparations. This includes, in accordance with the revised "Company Law of the People's Republic of China", standardising the organisational structure and other aspects of companies previously established under the "Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures" and its implementation regulations, among other laws and regulations. The "Regulation on Optimising the Business Environment" requires increasing the availability and convenience of public utility and services such as gas and water, the Group will cooperate with and assist local governments in optimising the business environment.

During the year 2024, the Group has complied with, in all material respects, these relevant laws and regulations.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last nine financial years is set out on pages 62 and 63 of this Annual Report.

Distributable Reserves

The distributable reserves of the Company as at 31st December 2024 amounted to HK$7,372 million (2023: HK$9,365 million) before the proposed final dividend for the year ended 31st December 2024.

Shares Issued

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

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

Particulars of bank loans, guaranteed notes, Medium Term Note Programmes and convertible bonds of the Company and the Group as at 31st December 2024 are set out in Note 32 to the consolidated financial statements on pages 205 to 209 and Financial Resources Review on pages 58 and 59, respectively.

Charitable Donations

During the year, the Group made charitable donations amounting to approximately HK$5.3 million (2023: HK$4.1 million).

Directors

The Directors of the Company during the year and up to the date of this report were:

Non-executive Directors

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

Independent Non-executive Directors

Dr. the Hon. Sir David Li Kwok-po
Prof. the Hon. Poon Chung-kwong
Dr. the Hon. Moses Cheng Mo-chi
Prof. Anna Wong Wai-kwan
(appointed on 25th June 2024)

Executive Directors

Mr. Peter Wong Wai-yee
Mr. Yeung Lui-ming
(appointed on 1st January 2024)
Mr. Chan Ying-lung
(appointed on 25th June 2024)

Directors *(Continued)*

At the Annual General Meeting held on 4th June 2024, Dr. Lee Ka-shing, Dr. Colin Lam Ko-yin, Prof. the Hon. Poon Chung-kwong and Mr. Yeung Lui-ming were re-elected as Directors of the Company. Dr. the Hon. Lee Ka-kit, Dr. the Hon. Sir David Li Kwok-po, Dr. the Hon. Moses Cheng Mo-chi, Mr. Andrew Fung Hau-chung and Mr. Peter Wong Wai-yee held office throughout the year.

According to the Articles of Association of the Company (the "Articles of Association"), one-third of all the directors are subject to retirement by rotation at every annual general meeting. Pursuant to Article 97 of the Articles of Association, Dr. the Hon. Moses Cheng Mo-chi, Mr. Andrew Fung Hau-chung and Mr. Peter Wong Wai-yee are due to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. Pursuant to Article 91 of the Articles of Association, Prof. Anna Wong Wai-kwan and Mr. Chan Ying-lung, being Independent Non-executive Director and Executive Director respectively, are also due to retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. Details of these Directors proposed for re-election are set out in the circular sent together with this Annual Report.

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

Biographical Details of Directors

The biographical details of Directors and senior management who are also Executive Directors are set out from pages 14 to 19 of this Annual Report.

Disclosure of Interests

A. Directors

As at 31st December 2024, the interests and short positions of each Director of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

(1) Shares and Underlying Shares (Long Positions)

		Interest in shares			Interest in underlying shares pursuant to share options		
Name of company	**Name of director**	**Personal interests**	**Corporate interests**	**Other interests**		**Aggregate interests**	**%***
The Hong Kong and China Gas Company Limited	Dr. the Hon. Lee Ka-kit			7,748,692,715 (Notes 2 & 9)		7,748,692,715	41.53
	Dr. Lee Ka-shing			7,748,692,715 (Notes 2 & 9)		7,748,692,715	41.53
	Dr. the Hon. Sir David Li Kwok-po	61,000,000				61,000,000	0.33
	Prof. the Hon. Poon Chung-kwong	243,085 (Note 4)				243,085	0.00
Lane Success Development Limited	Dr. the Hon. Lee Ka-kit			9,500 (Notes 5 & 9)		9,500	95
	Dr. Lee Ka-shing			9,500 (Notes 5 & 9)		9,500	95
Yieldway International Limited	Dr. the Hon. Lee Ka-kit			2 (Notes 6 & 9)		2	100
	Dr. Lee Ka-shing			2 (Notes 6 & 9)		2	100
Towngas Smart Energy Company Limited ("Towngas Smart Energy")	Dr. the Hon. Lee Ka-kit			2,379,921,776 (Notes 7 & 9)		2,379,921,776	68.38
	Dr. Lee Ka-shing			2,379,921,776 (Notes 7 & 9)		2,379,921,776	68.38
	Mr. Peter Wong Wai-yee	7,532,000			1,800,000 (Note 8)	9,332,000	0.27
	Mr. Chan Ying-lung	1,800,000			900,000 (Note 8)	2,700,000	0.08
EcoCeres, Inc.	Mr. Peter Wong Wai-yee				41,818 (Note 8)	41,818	0.36
	Mr. Chan Ying-lung				61,818 (Note 8)	61,818	0.53

* Percentage which the aggregate long position in the shares or underlying shares represents to the number of issued shares of the Company or any of its associated corporations.

Disclosure of Interests *(Continued)*

A. Directors *(Continued)*

(2) Options to Subscribe for Shares of Towngas Smart Energy (Long Positions)

Pursuant to the share option scheme of Towngas Smart Energy (the "TSEL Share Option Scheme"), a listed subsidiary of the Company, certain Directors of the Company (who are also directors of Towngas Smart Energy and/or its subsidiaries) have been granted options to subscribe for the shares of Towngas Smart Energy, details of which as at 31st December 2024 were as follows:

Name of company	Name of director	Date of grant	Exercise period	Vesting date	Exercise price (HK$)	Number of shares of Towngas Smart Energy subject to outstanding options as at 01.01.2024	Number of shares of Towngas Smart Energy subject to outstanding options as at 31.12.2024
Towngas Smart Energy and it subsidiaries	Mr. Peter Wong Wai-yee	25.11.2022	25.11.2023-24.11.2025	25.11.2023	3.40	1,800,000	1,800,000
Towngas Smart Energy's subsidiaries	Mr. Chan Ying-lung	25.11.2022	25.11.2023-24.11.2025	25.11.2023	3.40	900,000	900,000

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

Pursuant to the share option scheme of EcoCeres, Inc., an associated corporation of the Company, certain Directors of the Company (who are also directors of EcoCeres, Inc.) have been granted options to subscribe for the shares of EcoCeres, Inc., details of which as at 31st December 2024 were as follows:

Name of company	Name of director	Date of grant	Exercise period	Vesting period	Exercise price (US$)	Number of shares of EcoCeres, Inc. subject to outstanding options as at 01.01.2024	Number of shares of EcoCeres, Inc. subject to outstanding options as at 31.12.2024
EcoCeres, Inc.	Mr. Peter Wong Wai-yee	28.04.2023	28.04.2023-27.04.2033	–	57.00	31,818	31,818
		15.03.2024	15.03.2024-14.03.2034	31.12.2024-31.12.2028	112.16	N/A	10,000
	Mr. Chan Ying-lung	28.04.2023	28.04.2023-27.04.2033	–	57.00	31,818	31,818
		28.02.2024	28.02.2024-27.02.2034	31.12.2024-31.12.2028	112.16	N/A	30,000

Save as mentioned above, as at 31st December 2024, there were no other interests or short positions of the Directors of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Disclosure of Interests *(Continued)*

B. Substantial Shareholders and Others (Long Positions)

As at 31st December 2024, the interests and short positions of every person, other than the Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

	Name of individual/company	No. of shares in which interested	%*
Substantial shareholders (a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting)	Dr. the Hon. Lee Shau-kee (Notes 3 & 9)	7,748,692,715	41.53
	Disralei Investment Limited (Note 1)	4,313,717,809	23.12
	Timpani Investments Limited (Note 1)	5,989,193,083	32.10
	Faxson Investment Limited (Note 1)	7,748,692,715	41.53
	Henderson Land Development Company Limited (Note 1)	7,748,692,715	41.53
	Henderson Development Limited (Note 1)	7,748,692,715	41.53
	Hopkins (Cayman) Limited (Notes 2 & 9)	7,748,692,715	41.53
	Riddick (Cayman) Limited (Notes 2 & 9)	7,748,692,715	41.53
	Rimmer (Cayman) Limited (Notes 2 & 9)	7,748,692,715	41.53
Persons other than substantial shareholders	Macrostar Investment Limited (Note 1)	1,759,499,632	9.43
	Chelco Investment Limited (Note 1)	1,759,499,632	9.43
	Medley Investment Limited (Note 1)	1,675,475,274	8.98

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

Save as mentioned above, as at 31st December 2024, the register maintained by the Company pursuant to section 336 of the SFO recorded no other interests or short positions in the shares and underlying shares of the Company.

Disclosure of Interests *(Continued)*

B. Substantial Shareholders and Others (Long Positions)

Notes:

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

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

3. These 7,748,692,715 shares are duplicated in the interests described in Notes 1 and 2. Dr. the Hon. Lee Shau-kee beneficially owned all the issued shares in Rimmer, Riddick and Hopkins and was taken to be interested in these shares by virtue of Part XV of the SFO.

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

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

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

7. These 2,379,921,776 shares in Towngas Smart Energy Company Limited ("Towngas Smart Energy") representing approximately 68.38% of the total number of issued shares in Towngas Smart Energy were beneficially owned by Hong Kong & China Gas (China) Limited (as to 2,174,914,524 shares), Planwise Properties Limited (as to 201,577,233 shares) and Superfun Enterprises Limited (as to 3,430,019 shares), wholly-owned subsidiaries of the Company. Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing were taken to be interested in the Company as set out in Notes 1 and 2 by virtue of Part XV of the SFO.

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

9. Dr. the Hon. Lee Shau-kee passed away on 17th March 2025 and his sons, each of Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing will inherit certain shares in Rimmer, Riddick and Hopkins. Rimmer and Riddick (the relevant trustees of the respective discretionary trusts) hold units in the Unit Trust but each is not entitled to any interest in its trust assets which are, in the ordinary course of business, held by Hopkins as trustee of the Unit Trust independently without any reference to shareholders of Hopkins, and each of Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing remains to be one of the discretionary beneficiaries of such discretionary trusts.

Equity-Linked Agreements

No equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

Arrangements to Purchase Shares or Debentures

Share Option Scheme of Towngas Smart Energy

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

As at 31st December 2024, the details of the number of outstanding share options of Towngas Smart Energy granted under the TSEL Share Option Scheme to the two Directors of the Company, namely Mr. Peter Wong Wai-yee and Mr. Chan Ying-lung (appointed as Executive Director with effect from 25th June 2024), are set out in "Disclosure of Interests" in this report.

Save as mentioned above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Competing Businesses

Pursuant to Rule 8.10 of the Listing Rules, the interests of Directors of the Company in businesses which might compete with the Group during the year ended 31st December 2024 and as at 31st December 2024 were as follows:

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

Service Contracts

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Connected Transactions

During the year, the Company had the following connected transactions, each of which, as disclosed by way of announcement, was subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules since each of the applicable percentage ratios was less than 5%:

1. As disclosed in an announcement of the Company dated 12th April 2024 (the "Announcement"), as at the date of the Announcement, (i) the Company had been engaged by Fairbo Investment Limited ("Fairbo"), a wholly-owned subsidiary of Henderson Land Development Company Limited ("HLD", together with its subsidiaries, "HLD Group") (in respect of item 1 below); and (ii) Alpha Idea International Limited ("Alpha Idea") (a subsidiary of the Company) had been engaged by Fairbo (in respect of item 2 below) and Heng Lai Construction Company Limited ("Heng Lai"), a wholly-owned subsidiary of HLD (in respect of items 3 and 4 below), for the carrying out of different installation works at different sites of HLD Group's development project in 1-27 Berwick Street, Shum Shui Po (the "Berwick Street Project") (collectively referred to as the "Previous Transactions") at a total fixed contract sum of HK$56,040,983. Details of the Previous Transactions are disclosed for informational purpose below:

Item	Date	Subject Matter	Location	Contract Sum
1	13th April 2023	The diversion of existing gas pipes	1–27 Berwick Street & 1–14 Yiu Tung Street, Shum Shui Po	HK$235,400
2	30th May 2023	Works in relation to gas mains and gas appliances	1–27 Berwick Street, Shum Shui Po	HK$24,657,500
3	7th November 2023	The supply and installation of kitchen cabinets	Tower 1A & 1B, 1–27 Berwick Street, Shum Shui Po	HK$21,755,678
4	7th November 2023	The supply and installation of kitchen cabinets	Tower 2, 1–27 Berwick Street, Shum Shui Po	HK$9,392,405

Connected Transactions *(Continued)*

1. (Continued)

On 12th April 2024, (a) Alpha Idea had countersigned and returned to Heng Lai tender acceptance notices (the "Tender Acceptance Notices") in respect of the confirmation of the successful tenders for carrying out of the supply and installation of gas cookers (the "Gas Cookers Installation Works" in respect of items 1 and 2 below) at a total fixed contract sum of HK$2,370,337; and (b) Fairbo had countersigned and returned to Towngas Telecommunications Fixed Network Limited ("Towngas Telecommunications"), a wholly-owned subsidiary of the Company, a quotation (the "Quotation") in respect of its engagement of Towngas Telecommunications for carrying out the installation of 5G mobile network services (the "5G Mobile Network Service Installation Works" in respect of item 3 below) at a total fixed contract sum of HK$2,750,000, both at different sites of the Berwick Street Project. Particulars of the Tender Acceptance Notices and the Quotation are set out below:

Item	Subject Matter	Location	Contract Sum
1	The supply and installation of gas cookers	Tower 1A & 1B, 1–27 Berwick Street, Shum Shui Po	HK$1,675,258
2	The supply and installation of gas cookers	Tower 2, 1–27 Berwick Street, Shum Shui Po	HK$695,079
3	The installation of 5G mobile network service	1–27 Berwick Street, Shum Shui Po	HK$2,750,000

As Fairbo and Heng Lai are wholly-owned subsidiaries of HLD (a controlling shareholder of the Company), they constituted connected persons of the Company under the Listing Rules. As such, the Previous Transactions and the transactions in respect of the Gas Cookers Installation Works and 5G Mobile Network Service Installation Works constituted connected transactions for the Company under Chapter 14A of the Listing Rules. Since the Previous Transactions were conducted on normal commercial terms and all the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Previous Transactions were, in aggregate, less than 0.1%, the Previous Transactions were fully exempt from all disclosure requirements under Chapter 14A of the Listing Rules. Since the Gas Cookers Installation Works and the 5G Mobile Network Service Installation Works would be conducted on normal commercial terms and all the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the transactions under each of the Tender Acceptance Notices and the Quotation were less than 0.1%, such transactions were fully exempt from all disclosure requirements under Chapter 14A of the Listing Rules.

Each of the Previous Transactions and the transactions in respect of the Gas Cookers Installation Works and the 5G Mobile Network Service Installation Works was separately entered into between the relevant parties at different times and relates to works at different sites of the Berwick Street Project. Nevertheless, in view of the close vicinity of the sites, the transactions in respect of the Gas Cookers Installation Works, the 5G Mobile Network Service Installation Works and the Previous Transactions were aggregated for the purpose of the Announcement and to keep the market informed. As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for such aggregated transactions was greater than 0.1% but less than 5%, the transactions were exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Connected Transactions *(Continued)*

2. As disclosed in an announcement of the Company dated 22nd November 2024, (a) Carswell Developments Limited ("Carswell"), a wholly-owned subsidiary of the Company, had, on 16th August 2024, countersigned and returned to Pacific Gate Development Limited ("Pacific Gate"), a wholly-owned subsidiary of HLD, a letter of nomination (the "Previous Letter of Nomination") in respect of the confirmation of the nomination of Carswell as the sub-contractor to carry out the works for installation of gas pipes and hot water system (the "Gas Pipes Installation Works") for the contract sum of HK$8,500,000; and (b) U-Tech Engineering Company Limited ("U-Tech"), a wholly-owned subsidiary of the Company, had, on 22nd November 2024, countersigned and returned to Pacific Gate a letter of award (the "Letter of Award") in respect of a successful tender for a contract to carry out the works for supply and installation of air conditioning seawater intake and discharge mains, associated cable ducts and draw pits, and alteration and additional works at seawater pump house (the "Seawater Main Related Installation Works"), including all optional works, at the maximum contract sum of HK$265,443,750, both for HLD Group's development project at Site 3 of New Central Harbourfront (Inland Lot No. 9088), Central, Hong Kong (the "New Central Harbourfront Project").

   As Pacific Gate is a wholly-owned subsidiary of HLD, which in turn is a controlling shareholder of the Company, Pacific Gate is a connected person of the Company under the Listing Rules. As such, the aforesaid transactions constituted connected transactions for the Company under Chapter 14A of the Listing Rules. Nonetheless, as the Gas Pipes Installation Works would be conducted on normal commercial terms and all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Gas Pipes Installation Works were less than 0.1%, the transaction in respect of the Gas Pipes Installation Works was fully exempt from all disclosure requirements under Chapter 14A of the Listing Rules on a standalone basis.

   Since the Previous Letter of Nomination and the Letter of Award were entered into between the Group and the HLD Group within 12 months in relation to the works to be performed for the New Central Harbourfront Project, and when calculated on an aggregated basis, one or more of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Gas Pipes Installation Works and the Seawater Main Related Installation Works was/were greater than 0.1% but less than 5%, the aforesaid transactions were only subject to the reporting and announcement requirements, and were exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Connected Transactions *(Continued)*

3. As disclosed in an announcement of the Company dated 29th November 2024, (a) Alpha Idea had, on 5th August 2024, countersigned and returned to Nation Star Development Limited ("Nation Star"), being indirectly owned as to 50% by HLD, a letter of nomination in respect of the confirmation of the nomination of Alpha Idea as the sub-contractor to carry out the works for supply and installation of town gas (the "Towngas Installation Works"), subject to the formal acceptance of such nomination by China Overseas Building Construction Limited ("China Overseas") as the main contractor. China Overseas had, on 5th November 2024, signed and issued a letter of acceptance (the "Previous Letter of Acceptance") to Alpha Idea to accept such nomination for the contract sum of HK$29,700,000; and (b) U-Tech had, on 28th August 2024, countersigned and returned to Nation Star a letter of nomination in respect of the confirmation of the nomination of U-Tech as the sub-contractor to carry out the works for supply and installation of electrical and low voltage system (the "Electrical Installation Works"), subject to the formal acceptance of such nomination by China Overseas. China Overseas had, on 29th November 2024, signed and issued a letter of acceptance (the "Letter of Acceptance") to U-Tech to accept such nomination for the contract sum of HK$238,800,000, both for Urban Renewal Authority's development project at Bailey Street/Wing Kwong Street (Inland Lot No. 11279), To Kwa Wan, Kowloon, Hong Kong (the "Bailey Street Project") awarded to Nation Star.

   As Nation Star is indirectly owned as to 50% by HLD (a controlling shareholder of the Company), it is an associate of HLD and therefore a connected person of the Company under the Listing Rules. Accordingly, upon China Overseas's acceptance of the nominations by Nation Star, i.e. a connected person of the Company, the Towngas Installation Works and the Electrical Installation Works were considered as connected transactions for the Company. Nonetheless, as the Towngas Installation Works would be conducted on normal commercial terms and all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Towngas Installation Works were less than 0.1%, the transaction in respect of the Towngas Installation Works was fully exempt from all disclosure requirements under Chapter 14A of the Listing Rules on a standalone basis.

   Since the acceptance of the nomination of Alpha Idea and U-Tech as the sub-contractor to carry out the Towngas Installation Works and the Electrical Installation Works respectively for the Bailey Street Project by China Overseas under the Previous Letter of Acceptance and the Letter of Acceptance respectively were within 12 months, and when calculated on an aggregated basis, one or more of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Towngas Installation Works and the Electrical Installation Works was/were greater than 0.1% but less than 5%, the aforesaid transactions were only subject to the reporting and announcement requirements, and were exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The related party transactions set out in Note 39 to the consolidated financial statements include transactions that constitute connected transactions or continuing connected transactions under the Listing Rules for which the disclosure requirements in accordance with Chapter 14A of the Listing Rules had been met.

Directors' Material Interests in Transactions, Arrangements or Contracts

Except for the "Connected Transactions" as disclosed in this report, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director of the Company and the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

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

Controlling Shareholders' Interests in Significant Contracts

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

Purchase, Sale or Redemption of Listed Securities

Save as redemption of Perpetual Capital Securities in February 2024 as detailed in "Financing structure" section, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December 2024.

Permitted Indemnity

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

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

Major Customers and Suppliers

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

Employees and Productivity

As at the end of 2024, the number of employees engaged in the town gas business in Hong Kong was 2,169 (2023 year end: 2,135), the number of customers was 2,036,921, and each employee served the equivalent of 939 customers. Inclusive of employees engaged in businesses such as telecommunications and contractual engineering works, the total number of employees engaged in businesses in Hong Kong was 2,401 as at the end of 2024 compared to 2,364 as at the end of 2023. Related manpower costs amounted to HK$1,365 million for 2024, an increase of HK$87 million compared to 2023. The Group will continue to offer employees rewarding careers based on their capabilities and performance and arrange a variety of training programmes in order to enhance the quality of the Group's customer services constantly.

Exclusive of businesses in Hong Kong, the total number of the Group's employees on the Chinese mainland and other places outside Hong Kong was approximately 54,000 as at the end of 2024, similar to previous year.

Corporate Governance

The Company's corporate governance principles and practices are set out in the Corporate Governance Report from pages 80 to 104 of this Annual Report.

Public Float

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

Auditor

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

On behalf of the Board

Lee Ka-kit
Chairman

Lee Ka-shing
Chairman

Hong Kong, 19th March 2025

Corporate Governance Report

The Board of Directors of the Company (the “Board”) is committed to maintaining good corporate governance. The Board believes that good corporate governance principles and practices should emphasise accountability and an increase in transparency which will enable the Group’s stakeholders, including shareholders, investors, customers, suppliers, employees and the community to have trust and faith in the Group to take care of their needs and to fulfill its social responsibility.

Corporate Governance Practices

During the year ended 31st December 2024, the Company complied with all applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The below sets out the corporate governance principles and practices adopted by the Group which indicate how the Group has applied relevant principles in the Corporate Governance Code.

Board of Directors

Responsibilities of Directors

The Board is ultimately accountable for the Group’s activities, strategies and financial performance, which include formulating business development strategies, directing and supervising the Group’s affairs, reviewing the financial statements and budget proposal of the Group, approving interim reports, annual reports and announcements of interim results and annual results, considering dividend policy, reviewing the effectiveness of the risk management and internal control systems and so on.

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

Newly appointed Directors will be arranged a comprehensive, formal and tailored induction which includes provision of key guidelines, documents and publications relevant to their roles, responsibilities and ongoing obligations; a briefing on the Group’s structure, businesses, risk management and other governance practices and meeting with other fellow Directors so as to help the newly appointed Directors familiarise with the management, business and governance policies and practices of the Company, and ensure that they have a proper understanding of the operations and businesses of the Group.

To ensure that Directors’ contribution to the Board/committees remains informed, continuous professional development are provided for Directors to develop and refresh their knowledge, skills and understanding of the business and markets in which the Group operates. Directors are also provided with monthly updates of the Group’s development, and information such as performance and key operational highlights to enable the Board as a whole and each Director to discharge their duties.

All Directors participated in appropriate continuous professional development and provided the Company with their records of training they received for the year ended 31st December 2024.

Board of Directors *(Continued)*

Responsibilities of Directors *(Continued)*

During the year ended 31st December 2024, all Directors participated in the training which included reading regulatory updates or information relevant to the Group or its businesses and attending or giving talks at seminars and/or conferences.

Directors	Training
Non-executive Directors	
Dr. the Hon. Lee Ka-kit (Chairman)	✓
Dr. Lee Ka-shing (Chairman)	✓
Dr. Colin Lam Ko-yin	✓
Mr. Andrew Fung Hau-chung	✓
Independent Non-executive Directors	
Dr. the Hon. Sir David Li Kwok-po	✓
Prof. the Hon. Poon Chung-kwong	✓
Dr. the Hon. Moses Cheng Mo-chi	✓
Prof. Anna Wong Wai-kwan *(appointed on 25th June 2024)*	✓
Executive Directors	
Mr. Peter Wong Wai-yee	✓
Mr. Yeung Lui-ming *(appointed on 1st January 2024)*	✓
Mr. Chan Ying-lung *(appointed on 25th June 2024)*	✓

Every Director ensures that he/she gives sufficient time and attention to the affairs of the Company. Each Director shall disclose to the Company at the time of his/her appointment the directorships held in other listed companies or nature of offices held in public organisations and other significant commitment. The Company has also requested the Directors to provide in a timely manner any change on such information. Each Director is also required to disclose to the Company his/her time commitment.

Appropriate insurance cover on Directors' liabilities has been in force to protect the Directors of the Group from risks arising from the businesses of the Group.

Corporate Governance Functions

The Board has undertaken the following corporate governance functions:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Company;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the code provisions of Appendix C1 (Corporate Governance Code) to the Listing Rules and disclosure in the Corporate Governance Report.

During the year ended 31st December 2024, the Board reviewed the Company's policies and practices on corporate governance and the disclosure in the Corporate Governance Report.

Board of Directors *(Continued)*

Corporate Culture

The Company is committed to developing a corporate culture that is built on its mission, vision, core values and strategy, and these must be supported and practiced by all levels of employees of the Group.

MISSION

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

VISION

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

CORE VALUES

Our core values represent how we behave when interacting with co-workers, customers, shareholders, business partners, investors and other stakeholders:

- Leadership
- Versatility
- Safe and Reliable
- Innovation
- Vision
- Customer-oriented
- Positive Communication
- Teamwork
- Result-driven

This comprehensive range of good values forms the very foundation upon which the Group is built, supporting our continued growth.

During the year ended 31st December 2024, the Company continued to strategise and implement the corporate culture through various initiatives set out in various sections of this Annual Report, including the "Chairmen's Statement", "Review of Operations", "Risk Factors" and "Report of the Directors", and also the Environmental, Social and Governance Report 2024.

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

Board of Directors *(Continued)*

The Policy for the Independence of the Board

The Board adopted the Policy for the Independence of the Board which aims to ensure independent views and input are available to the Board. Pursuant to the Policy for the Independence of the Board, a Director may, upon reasonable request, seek and be provided with separate independent professional advice to assist the relevant Director in discharging his/her duties to the Company. Each Independent Non-executive Director is required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may affect his/her independence. The Nomination Committee is mandated to assess annually the independence of all Independent Non-executive Directors and to affirm if each of them satisfies the criteria of independence as set out in Rule 3.13 of the Listing Rules and is free from any relationships and circumstances which are likely to affect, or could appear to affect, their independent judgement. Every Nomination Committee member abstains from assessing his/her own independence. During the year under review, upon the recommendation of the Nomination Committee, the Board reviewed the Policy for the Independence of the Board and considered it was appropriate and effective to ensure independent views and input are available to the Board.

Board Performance Review

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

Board performance review has been conducted for the year ended 31st December 2024. Based on the evaluation conducted, the Directors were satisfied with the performance of the Board and considered the Board continued to operate effectively.

Nomination Policy

The Board adopted a Nomination Policy which aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirement of the Company's businesses.

Pursuant to the Nomination Policy, the Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

- Reputation for integrity
- Business experience relevant and beneficial to the Company
- Willingness to devote adequate time to discharge duties as a member of the Board
- Board Diversity Policy for achieving diversity on the Board

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Board of Directors *(Continued)*

Nomination Policy *(Continued)*

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

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

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

Dividend Policy

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

Board of Directors *(Continued)*

Board Composition

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

During the year ended 31st December 2024 and up to the date of publication of this Annual Report, the Directors of the Company are set out below:

Non-executive Directors
Dr. the Hon. Lee Ka-kit (Chairman)
Dr. Lee Ka-shing (Chairman)
Dr. Colin Lam Ko-yin
Mr. Andrew Fung Hau-chung

Independent Non-executive Directors
Dr. the Hon. Sir David Li Kwok-po
Prof. the Hon. Poon Chung-kwong
Dr. the Hon. Moses Cheng Mo-chi
Prof. Anna Wong Wai-kwan
(appointed on 25th June 2024)

Executive Directors
Mr. Peter Wong Wai-yee
Mr. Yeung Lui-ming
(appointed on 1st January 2024)
Mr. Chan Ying-lung
(appointed on 25th June 2024)

Board of Directors *(Continued)*

Board Composition *(Continued)*

The Company received from each of the Independent Non-executive Directors confirmation in writing of their independence pursuant to Rule 3.13 of the Listing Rules and considered them as independent. Each of Prof. Anna Wong Wai-kwan (appointed as Independent Non-executive Director on 25th June 2024) and Mr. Chan Ying-lung (appointed as Executive Director on 25th June 2024) had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 19th June 2024 and had confirmed she/he understood her/his obligations as a director of the Company. Mr. Yeung Lui-ming (appointed as Executive Director on 1st January 2024) had complied with Rule 3.09D of the Listing Rules and the relevant disclosure was set out in the 2023 Annual Report of the Company.

Biographical details of the Directors and relevant relationships among them are set out from pages 14 to 19 of this Annual Report. Save as disclosed therein, there is no financial, business, family or other material/relevant relationship among the Directors. A List of Directors and their Role and Function is available on both the websites of The Stock Exchange of Hong Kong Limited (the "Exchange") and the Company.

According to the Articles of Association, one-third of all the Directors are subject to retirement by rotation at each AGM. All Non-executive Directors (including Independent Non-executive Directors) do not have a specific term, but are subject to retirement by rotation and re-election in accordance with the Articles of Association. The Board will ensure that every Director (including every Non-executive Director and Independent Non-executive Director) is subject to retirement by rotation at least once every three years.

Joint Chairmen of the Board and Managing Director

The Joint Chairmen of the Board are Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing and the Managing Director is Mr. Peter Wong Wai-yee. The roles of the Joint Chairmen of the Board and the Managing Director are separate and are not performed by the same individual. The Joint Chairmen are responsible for providing leadership to, and overseeing, the functioning of the Board and, with the support of Executive Directors and the Company Secretary, seeking to ensure that all Directors are properly briefed on issues arising at Board meetings and that they receive, in a timely manner, adequate and reliable information. The Managing Director is responsible for managing the business of the Group and leading the management team to implement strategies and objectives adopted by the Board. Their respective responsibilities are clearly established and set out in writing.

Board of Directors *(Continued)*

Board Meetings

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

During the year ended 31st December 2024, the Board met four times. The attendance record of each Director at the Board meetings during the year ended 31st December 2024 is set out below:

Directors	**No. of Meetings Attended/Held**
Non-executive Directors	
Dr. the Hon. Lee Ka-kit (Chairman)	4/4
Dr. Lee Ka-shing (Chairman)	4/4
Dr. Colin Lam Ko-yin	4/4
Mr. Andrew Fung Hau-chung	4/4
Independent Non-executive Directors	
Dr. the Hon. Sir David Li Kwok-po	4/4
Prof. the Hon. Poon Chung-kwong	4/4
Dr. the Hon. Moses Cheng Mo-chi	4/4
Prof. Anna Wong Wai-kwan *(appointed on 25th June 2024)*	2/2
Executive Directors	
Mr. Peter Wong Wai-yee	4/4
Mr. Yeung Lui-ming *(appointed on 1st January 2024)*	4/4
Mr. Chan Ying-lung *(appointed on 25th June 2024)*	2/2

Regular Board meetings of the year are scheduled in advance and at least 14 days' notice is given to all Directors so as to give them an opportunity to attend. Meeting agenda and accompanying meeting papers are sent to all relevant Directors at least 3 days before the date of a Board or committee meeting to enable the Directors to make informed decisions on matters to be raised at the meetings. All Directors are given an opportunity to include matters in the agenda for Board meetings.

In addition, Directors at all times have full and timely access to all information on the Group and may seek independent professional advice at the Company's expense in carrying out their functions, after making a request to the Board.

Board of Directors *(Continued)*

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry by the Company, all Directors confirmed that they had fully complied with the required standard set out in the Model Code at all the applicable time throughout the year ended 31st December 2024.

The Board has also established written guidelines for relevant employees, including certain employees of the Company, certain directors or employees of its subsidiaries who are considered to be likely to possess inside information in relation to the Company or its securities (the "Relevant Employees"), in respect of their dealings in the Company's securities.

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31st December 2024, which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on a going concern basis in accordance with statutory requirements and applicable accounting standards. The Directors shall ensure the publication of the Group's financial statements in a timely manner.

The statement of the Auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report from pages 105 to 110 of this Annual Report.

Board Committees

The Board has established the following Board committees to oversee particular aspects of the Company's affairs:

Board Audit and Risk Committee

The Board Audit and Risk Committee (formerly known as Audit Committee) was established in May 1996. The members of the Board Audit and Risk Committee are Dr. the Hon. Sir David Li Kwok-po (Chairman of the Board Audit and Risk Committee), Prof. the Hon. Poon Chung-kwong, Dr. the Hon. Moses Cheng Mo-chi and Prof. Anna Wong Wai-kwan (appointed on 25th June 2024). All members are Independent Non-executive Directors. The Chairman of the Board Audit and Risk Committee has the appropriate professional qualification as required by the Listing Rules.

The principal duty of the Board Audit and Risk Committee is to assist the Board in fulfilling its audit and control-related duties through the review of the Company's financial reporting, risk management and internal control systems. The review covers all material controls, including financial, operational and compliance controls and risk management functions. The Company has adopted written terms of reference for the Board Audit and Risk Committee that clearly define the role, authority and function of the Board Audit and Risk Committee. The terms of reference of the Board Audit and Risk Committee are available on both the websites of the Exchange and the Company.

Board Committees *(Continued)*

Board Audit and Risk Committee *(Continued)*

The Board Audit and Risk Committee held two meetings during the year ended 31st December 2024 and the following sets out a summary of the work of the Board Audit and Risk Committee during the year under review:

- review of the financial reports for 2023 annual results and 2024 interim results;
- recommendation to the Board, for the approval by shareholders, of the re-appointment of PricewaterhouseCoopers as the external auditor and approval of their remuneration;
- review of the external auditor's findings;
- review of non-audit service fee engaged by the external auditor;
- review of the effectiveness of the Company's financial control and risk management and internal control systems, including the review of the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting, and environmental, social and governance ("ESG") functions; and
- review of whistleblowing cases and their follow-up as appropriate.

The attendance record of each member at the Board Audit and Risk Committee meetings during the year ended 31st December 2024 is set out below:

Board Audit and Risk Committee Members	**No. of Meetings Attended/Held**
Dr. the Hon. Sir David Li Kwok-po (Chairman)	2/2
Prof. the Hon. Poon Chung-kwong	2/2
Dr. the Hon. Moses Cheng Mo-chi	2/2
Prof. Anna Wong Wai-kwan *(appointed on 25th June 2024)*	1/1

Board Committees *(Continued)*

Remuneration Committee

The Company established a Remuneration Committee in September 2005. The Remuneration Committee is chaired by Dr. the Hon. Sir David Li Kwok-po (Independent Non-executive Director) with Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing (both are Non-executive Directors), Prof. the Hon. Poon Chung-kwong, Dr. the Hon. Moses Cheng Mo-chi and Prof. Anna Wong Wai-kwan (appointed on 25th June 2024) (all are Independent Non-executive Directors) as members.

The principal duties of the Remuneration Committee include, but are not limited to, making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management (who are also Executive Directors of the Company), reviewing and approving the special remuneration packages of all Executive Directors with reference to corporate goals and objectives resolved by the Board from time to time and determining, with delegated responsibility, the remuneration packages of individual Executive Directors. The Company has adopted written terms of reference for the Remuneration Committee that clearly define the role, authority and function of the Remuneration Committee. The terms of reference of the Remuneration Committee are available on both the websites of the Exchange and the Company.

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

The Directors' fees were reviewed by the Remuneration Committee. During the year ended 31st December 2024, every Director received a Director's fee at the rate of HK$250,000 per annum while the Joint Chairmen of the Board each received an additional fee at the rate of HK$250,000 per annum and each member of the Board Audit and Risk Committee, the Remuneration Committee and the Nomination Committee received additional fees at the rate of HK$250,000, HK$100,000 and HK$100,000 per annum respectively. The Remuneration Committee considered the fees reasonable in view of the Directors' responsibilities.

The Remuneration Committee held one meeting during the year ended 31st December 2024 and the following sets out a summary of the work of the Remuneration Committee during the year under review:

- review of the Directors' fees and determination of the remuneration of the Executive Directors, including the newly appointed Directors; and
- recommendation to the Board for endorsement of the remuneration before taxation payable to Prof. Anna Wong Wai-kwan (appointed as Independent Non-executive Director on 25th June 2024) and Mr. Chan Ying-lung (appointed as Executive Director on 25th June 2024).

Board Committees *(Continued)*

Remuneration Committee *(Continued)*

The attendance record of each member at the Remuneration Committee meeting during the year ended 31st December 2024 is set out below:

Remuneration Committee Members	No. of Meeting Attended/Held
Dr. the Hon. Sir David Li Kwok-po (Chairman)	1/1
Dr. the Hon. Lee Ka-kit	1/1
Dr. Lee Ka-shing	1/1
Prof. the Hon. Poon Chung-kwong	1/1
Dr. the Hon. Moses Cheng Mo-chi	1/1
Prof. Anna Wong Wai-kwan *(appointed on 25th June 2024)*	0/0

Nomination Committee

The Company established a Nomination Committee in March 2012. The Nomination Committee is jointly chaired by Dr. the Hon. Lee Ka-kit and Dr. Lee Ka-shing (both are Non-executive Directors) with members who are all Independent Non-executive Directors, including Dr. the Hon. Sir David Li Kwok-po, Prof. the Hon. Poon Chung-kwong, Dr. the Hon. Moses Cheng Mo-chi and Prof. Anna Wong Wai-kwan (appointed on 25th June 2024).

The principal duties of the Nomination Committee include, but are not limited to, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Group's corporate strategy with due regards to the Board Diversity Policy. It is also responsible for identifying individuals suitably qualified to become Board members and making recommendations to the Board on nominations and appointment of Directors as well as assessing the independence of Independent Non-executive Directors. The Nomination Committee shall consider the candidate from a range of backgrounds on his/her merits and against objective criteria set out by the Board.
The Company has adopted written terms of reference for the Nomination Committee that clearly define the role, authority and function of the Nomination Committee. The terms of reference of the Nomination Committee are available on both the websites of the Exchange and the Company.

Board Committees *(Continued)*

Nomination Committee *(Continued)*

The Nomination Committee held one meeting during the year ended 31st December 2024 and the following sets out a summary of the work of the Nomination Committee during the year under review:

- review of the structure, size and composition (including the skills, knowledge and experience) of the Board;
- review of the implementation and effectiveness of the Policy for the Independence of the Board, the Board Diversity Policy and the Policy on Shareholders' Communication;
- assessment of the independence of all Independent Non-executive Directors;
- recommendation to the Board for approval of the retiring Directors to stand for re-election at the 2024 AGM; and
- recommendation to the Board for approval of the appointment of Prof. Anna Wong Wai-kwan as Independent Non-executive Director and member of each of the Board Audit and Risk Committee, the Remuneration Committee, the Nomination Committee and the Board Environmental, Social and Governance Committee (the "Board ESG Committee"), and the appointment of Mr. Chan Ying-lung as Executive Director.

The attendance record of each member at the Nomination Committee meeting during the year ended 31st December 2024 is set out below:

Nomination Committee Members	**No. of Meeting Attended/Held**
Dr. the Hon. Lee Ka-kit (Chairman)	1/1
Dr. Lee Ka-shing (Chairman)	1/1
Dr. the Hon. Sir David Li Kwok-po	1/1
Prof. the Hon. Poon Chung-kwong	1/1
Dr. the Hon. Moses Cheng Mo-chi	1/1
Prof. Anna Wong Wai-kwan *(appointed on 25th June 2024)*	0/0

Board Committees *(Continued)*

Board Environmental, Social and Governance Committee

The Board ESG Committee was established in March 2023 to oversee the Group's ESG development, strategies, policies and practices. Chaired by Mr. Peter Wong Wai-yee (Managing Director), it comprises Dr. the Hon. Moses Cheng Mo-chi, Prof. Anna Wong Wai-kwan (appointed on 25th June 2024) (both are Independent Non-executive Directors) and Mr. Yeung Lui-ming (Executive Director) as members.

The principal duty of the Board ESG Committee is to assist the Board in overseeing the management of ESG-related issues. In addition, the Board ESG Committee identifies and reviews ESG issues, risks and opportunities, tracks the Group's ESG performance, and recommends strategies for improvement. The terms of reference of the Board ESG Committee are available on both the websites of the Exchange and the Company.

The Board ESG Committee meets at least once a year and will hold additional meetings at the demand of the Chairman of the Board ESG Committee, if necessary. During the year ended 31st December 2024, the Board ESG Committee held one meeting to review:

- the results of the Group's key ESG ratings, including Dow Jones Sustainability Indices, MSCI ESG Ratings and the Hang Seng Corporate Sustainability Index Series, and discuss the latest requirements and expectations of these ratings;
- the key performance indicators of ESG Steering Committee, including the performance of decarbonisation efforts, diversity and inclusion, safety and health, cyber security, governance, and supply chain management;
- the updated results of the double materiality assessment and key material ESG topics identified for ESG Report 2024;
- the climate-related issues, including progress and plan made towards the Group's carbon reduction targets and the results of its climate risk assessments;
- the ESG-linked compensation of the Managing Director and senior executives; and
- the enhanced disclosure of ESG risks and climate-related content as per latest local and international standards.

The attendance record of each member at the Board ESG Committee meeting during the year ended 31st December 2024 is as follows:

Board ESG Committee Members	**No. of Meeting Attended/Held**
Mr. Peter Wong Wai-yee (Chairman)	1/1
Dr. the Hon. Moses Cheng Mo-chi	1/1
Prof. Anna Wong Wai-kwan *(appointed on 25th June 2024)*	0/0
Mr. Yeung Lui-ming	1/1

Diversity

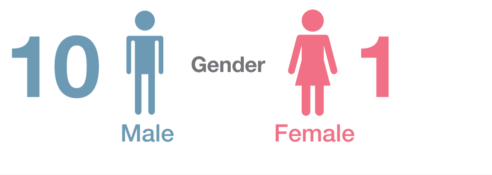
Board Diversity

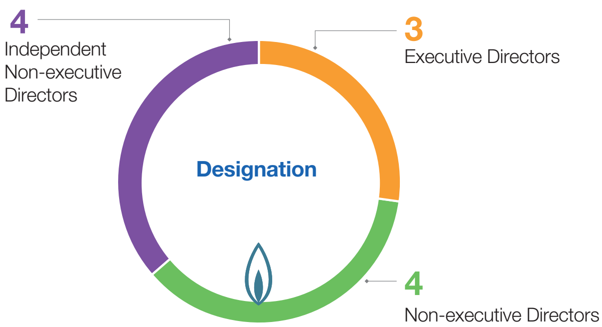
Board Diversity Policy

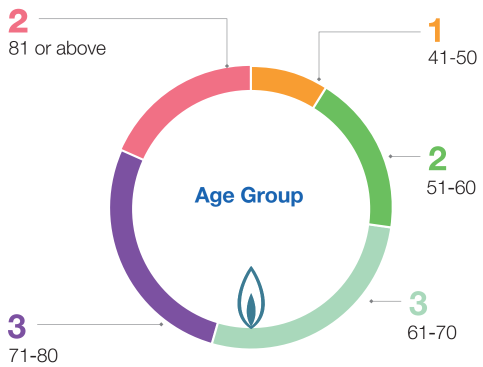
The Board adopted the Board Diversity Policy setting out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

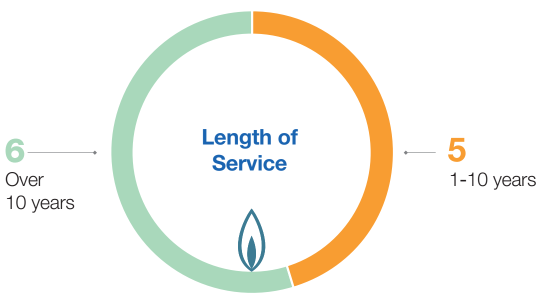
In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria, having regard for the benefits of diversity on the Board. The Nomination Committee will monitor the implementation of the Board Diversity Policy and from time to time review it, as appropriate, to ensure the effectiveness of the said policy. During the year under review, upon the recommendation of the Nomination Committee, the Board reviewed the Board Diversity Policy and considered it was appropriate and effective.

The following charts show the diversity profile of the Board as at the date of this Annual Report.









Diversity *(Continued)*

Board Diversity *(Continued)*

Board Diversity Policy *(Continued)*

Background and Skills	No. of Directors (Full Board of 11)	
Industry Professional Knowledge	11	100%
Sustainability/Environment, Social and Governance	11	100%
Mainland Market Experience	11	100%
Compliance and Public Administration	8	72.73%

Expertise	No. of Directors (Full Board of 11)	
Corporate Management	11	100%
Utilities	11	100%
Real Estate	6	54.55%
Banking/Insurance/Finance/Accounting	8	72.73%
Information Technology	3	27.27%
Legal	2	18.18%
Education	2	18.18%

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

During 2024, the Board appointed one female director. As at the date of this Annual Report, the female representation on the Board constitutes 9.09% of the Board and 25% of the Independent Non-executive Directors. The Board considers that the current gender diversity in respect of the Board with reference to business needs is satisfactory and the Company targets to maintain at least one female representation. The Company would strive to deploy multiple channels to identify and approach suitable candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms as and when appropriate that would enhance its composition and diversity, with a view to expanding the competencies, experience and perspectives of the Board as a whole. The Board is committed to further enhancing gender diversity as and when suitable candidates are identified.

Diversity *(Continued)*

Diversity in the Workforce

The Hong Kong and China Gas Company Limited is an equal opportunity employer and is committed to a policy of recruiting and promoting people on merit regardless of gender, pregnancy, family and marital status, race, colour, ethnic origin, disability, religion, etc. As a signatory of the Racial Diversity and Inclusion Charter for Employers governed by Equal Opportunities Commission (EOC), and Good Employer Charter governed by Labour Department, we pledge to adopt human-oriented practices to ensure equal opportunities for all employees.

We actively create an inclusive and accessible workplace that enables diverse talents to excel in their respective roles, and were awarded the Disability-Friendly Employment Award – Excellent Award presented by the Hong Kong Institute of Human Resource Management in 2023, and Special Recognition Award and Gold Award in the EOC Universal Design Award Scheme 2024/25.

To increase the awareness on equal opportunities that contributes to a more inclusive workplace, we continue to organise training on equal opportunities with laws and regulations updates and case studies by professional trainers from EOC for our employees.

As at 31st December 2024, about 22.9% of our workforce in the businesses in Hong Kong, inclusive of town gas, telecommunications and contractual engineering works, is female and the average gender pay ratio between male and female full time employees (including senior management who are also Executive Directors of the Company) is about 1:1.

For details of gender diversity at the workforce levels, please refer to the Environmental, Social and Governance Report 2024.

Auditor’s Remuneration and Auditor Related Matters

For the year ended 31st December 2024, the total remuneration of the Company’s external auditor, PricewaterhouseCoopers, in respect of statutory audit services and non-audit services (mainly including taxation services, interim results review service and other transaction related services), amounted to approximately HK$15.3 million and approximately HK$9.9 million respectively.

Risk Management and Internal Control

Internal Control

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

Risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Policies and procedures are established to ensure that all payments and investments are properly authorised, critical assets and data are safeguarded as well as all company records are accurate and complete. In addition, the Group has a strict internal code of conduct and an Anti-Fraud Policy which provide guidance on the ethical behaviour when handling issues such as bribery and corruption, conflicts of interest, insider dealing, acceptance of gift and entertainment and fair dealing. The Board adopted a Whistleblowing Policy which provides reporting channels and guidance for employees and other parties who deal with the Group (e.g. contractors and suppliers, etc.) to report possible improprieties in matters of financial reporting or other matters. The Whistleblowing Policy and the Anti-Fraud Policy are available on the Company's website.

Group Audit and Risk Management Department ("GARD"), which is independent of the Group's management team, assesses and monitors the effectiveness of the Group's risk management and internal control systems and reports to the Board Audit and Risk Committee on a half-yearly basis. The function has unrestricted access to the company records that allows it to review all aspects of the Group's control and governance process. Yearly audit plan is prepared for review and approval by the Board Audit and Risk Committee. The scope of work includes financial and operational review, recurring and special audit, fraud investigation and compliance review. The opinion, as formulated by the function on the effectiveness of the risk management and internal control systems, together with the major findings and implementation progress of the audit recommendations, would be reported to the Board Audit and Risk Committee.

During the year ended 31st December 2024, the Board, through the Board Audit and Risk Committee, has conducted a bi-annual review of the overall effectiveness of the Group's internal control systems over financial, operational and compliance controls, information systems security, risk management process, scope and quality of the management's monitoring of risks and internal control systems, the effectiveness of financial reporting and compliance with the Listing Rules.

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

Risk Management and Internal Control *(Continued)*

Risk Management

Risk Management Framework

Rooted in corporate's vision and mission, the Group strives the best to provide its customers with a safe, reliable supply of energy as well as the caring, competent and efficient service they expect. Meanwhile, the Group is also working to pursue sustainable development and caring for the environment, people and community.

To ensure growth and long-term value for the key stakeholders, the Group considers risk governance as its top priority and is committed to establishing a robust system of risk identification and management which is central to its ongoing success.

The Group has in place an Enterprise Risk Management Framework (the "Framework") that depicts the system to effectively identify, assess, mitigate, report and monitor key business risks across all business units of the organisation. The system enables the management team to gain a clear view of the significant risks for better strategy setting and project execution which ultimately contribute to enhanced business performance.

Risk Management and Internal Control *(Continued)*

Risk Management *(Continued)*

Risk Appetite

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

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

Risk Management Structure

The risk management structure sets out the mechanism by which authority is exercised, decisions are taken and organisation is effectively supervised. The Board Audit and Risk Committee supports the Board in overseeing the overall risk management system and provides assurance to the Board at least annually that the system is operating effectively. The Executive Risk Management Committee ("ERMC"), which is composed of all Executive Management Members of the Company, is responsible for the system formulation and its effective implementation to maintain risk exposures within the risk appetite. It is assisted by the Risk Management Committee ("RMC"), which mainly comprises risk owners who are also the key business management team. RMC reviews the major risk exposure, monitors the implementation of risk-mitigating controls. While GARD conducts independent reviews and reports to ERMC as well as the Board Audit and Risk Committee regularly on risk management updates.

Risk Management and Internal Control *(Continued)*

Risk Management *(Continued)*

Risk Management Process

The risk management process is embedded into the day-to-day operation and is an ongoing process carried out by everyone in the organisation across all business units.

Each company of the Group has its own risk management process and system. Regular communication is made among companies, regional offices and headquarters of the Group on the latest risk exposures and mitigation measures to ensure risks are effectively managed and issues are timely reported. Regular independent review by GARD would be performed to ensure the risk management system is operating effectively.

The RMC would communicate and summarise the key risks (also taking emerging risks into account) across all businesses through senior executives, who continuously monitor all material risks faced by the companies of the Group in their corresponding regions and business streams.

The summarised key risks would be reviewed continuously and reassessed within the Group by adopting the risk assessment criteria as set out in the Framework. Priorities would be given to high and medium risks on implementation of risk mitigating measures. A risk management update that highlights the summarised key risks and action plans would be submitted to and discussed by ERMC at least annually for monitoring purpose with top risks and measures be reported by GARD to the Board Audit and Risk Committee on behalf of the Board. The Board Audit and Risk Committee, based on the review of top risks and adopted measures, ensures at least an annual review of the effectiveness of the risk management system has been conducted.

Risk Management and Internal Control *(Continued)*

Risk Management – Environmental, Social and Governance

The Board is committed to our ESG development for a sustainable future. Material ESG issues are prioritised and regularly reviewed through our engagement with stakeholders as well as monitoring of global trends. The Board has the overall responsibility of overseeing these material ESG issues and evaluating, determining and integrating relevant risks and opportunities into our key governance processes. Our governance procedures are applied to all areas of decision-making and strategic planning across Towngas.

To further integrate ESG practices into our business operations, the Board ESG Committee has been established. With all members are appointed by the Board, the Board ESG Committee is entrusted with the development, approval, and update of the Group's strategies, policies, goals and practices on ESG matters. Updates on ESG related policies, initiatives, progress, targets and achievements are also reported and discussed on a regular basis.

A description of the Group's risk factors is shown on pages 54 to 57 of the Annual Report. The Group seeks continuous improvement to the Framework in response to the changing business environment.

Policy and Procedures on Disclosure of Inside Information

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

Company Secretary

The Company Secretary is responsible for assisting the Board by ensuring good information flow within the Board members as well as the Board policy and procedures being followed properly. The Company Secretary also provides professional advice to the Board on corporate governance and other matters, and is also responsible for organising general meetings of the Company and facilitating the induction and professional development of the Directors.

During the year ended 31st December 2024, the Company Secretary undertook no less than 15 hours of relevant professional training.

Communication with Shareholders and Investor Relations

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

Communication with Shareholders	The Board is committed to maintaining an ongoing communication with shareholders and providing timely disclosure of information concerning the Group's material developments to shareholders and investors. The Company has maintained the Shareholders Communication Policy which aims at promoting effective communication with shareholders of the Company and enabling them to exercise their rights as shareholders in an informed manner. The Shareholders Communication Policy is available on the website of the Company. It is the Company's general policy to maintain an on-going dialogue with shareholders and the investment community, including the Company's potential investors and analysts. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available and will be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any enquiry in respect of the Company. During the year under review, upon the recommendation of the Nomination Committee, the Board reviewed the Shareholders Communication Policy and considered it was appropriate and effective.
Investor Relations	The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular communication and dialogue with shareholders, investors and analysts. A meeting with analysts will be held after the announcement of interim or annual results which strengthens the communication with investors. Questions from investors are dealt with in an informative and timely manner. As a channel to further promote effective communication, the Group maintains a website at www.towngas.com where the Company's announcements and press releases, business developments and operations, financial information, corporate governance practices and other information are posted.

Communication with Shareholders and Investor Relations *(Continued)*

General Meetings

The AGM provides a good forum for communication between the Board and shareholders. The notice of the AGM is despatched to all shareholders at least 21 clear days prior to such AGM. The chairmen of all Board Committees are invited to attend the AGM. The Joint Chairmen of the Board and the chairmen of all Board Committees are available to answer questions at the AGM. Auditor is also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting will be taken by poll. Detailed procedures for conducting a poll will be explained to the shareholders in the general meeting so that shareholders are familiar with such voting procedures. The poll results will be posted on the websites of the Exchange and the Company on the day of the general meeting. Moreover, a separate resolution will be proposed by the chairman of a general meeting in respect of each substantially separate issue.

The 2024 AGM was held on 4th June 2024. The attendance record of each Director at the 2024 AGM is set out below:

Directors	No. of Meeting Attended/Held
Non-executive Directors	
Dr. the Hon. Lee Ka-kit (Chairman)	1/1
Dr. Lee Ka-shing (Chairman)	1/1
Dr. Colin Lam Ko-yin	1/1
Mr. Andrew Fung Hau-chung	1/1
Independent Non-executive Directors	
Dr. the Hon. Sir David Li Kwok-po	1/1
Prof. the Hon. Poon Chung-kwong	1/1
Dr. the Hon. Moses Cheng Mo-chi	1/1
Prof. Anna Wong Wai-kwan *(appointed on 25th June 2024)*	0/0
Executive Directors	
Mr. Peter Wong Wai-yee	1/1
Mr. Yeung Lui-ming *(appointed on 1st January 2024)*	1/1
Mr. Chan Ying-lung *(appointed on 25th June 2024)*	0/0

Shareholders' Rights

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

Convening a General Meeting	Pursuant to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "Companies Ordinance"), shareholders representing at least 5% of the total voting rights of all the shareholders are entitled to send a request to the Company to convene a general meeting. Such request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the Company in hard copy form or in electronic form and must also be authenticated by the person or persons making it.
Putting Forward Proposals at a Shareholders' Meeting	Pursuant to the Companies Ordinance, shareholders representing at least 2.5% of the total voting rights of all the shareholders or at least 50 shareholders can request the Company in writing to circulate to the shareholders a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution to be dealt with at that meeting or other business to be dealt with at that meeting. The request may be sent to the Company in hard copy form or in electronic form and must identify the statement to be circulated. It must be authenticated by the person or persons making it and be received by the Company at least 7 days before such meeting.
Putting Forward Enquiries to the Board	The Company has maintained the Shareholders Communication Policy to handle enquiries put to the Board. In order to enable such enquiries be properly directed, designated contacts, email addresses and enquiry lines of the Company were provided on page 249 of this Annual Report and the Company's website.
Proposing a Person for Election as a Director	If a shareholder wishes to propose a person other than a retiring director of the Company for election as a director of the Company at a general meeting, that shareholder should deposit a written notice stating the full name of the person proposed for election as a director of the Company, together with (a) the proposed person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that proposed person indicating his/her willingness to be elected; and (b) the proposed person's written consent to the publication of his/her personal data not earlier than the day after the despatch of the notice of the meeting and not later than 7 days prior to the day appointed for the meeting. Detailed procedures can be found in the "Procedures for shareholders to propose a person for election as a director of the Company at a general meeting" which is available on the Company's website.

Constitutional Documents

The latest version of the Articles of Association is available on both the websites of the Exchange and the Company. During the year ended 31st December 2024, there was no change in the Articles of Association.

Independent Auditor's Report

pwc

羅兵咸永道

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

Opinion

What we have audited

The consolidated financial statements of The Hong Kong and China Gas Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 111 to 248, comprise:

- the consolidated statement of financial position as at 31st December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to impairment assessment of property, plant and equipment of a chemical production project.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment of a chemical production project Refer to notes 4(a) and 16 to the consolidated financial statements In relation to the Green Energy business segment, the Group operated a chemical production project in the Chinese mainland which is engaged in production of coal related chemical products. The carrying value of the property, plant and equipment of the chemical production project was approximately HK$1.5 billion as at 31st December 2024. In consideration of the financial results of the chemical production project and the prices of the primary inputs/outputs (where applicable) of the project, namely coal related chemical products which were volatile during the year, management considered there were impairment indicators and performed an impairment assessment on these assets.	Our procedures in relation to management's impairment assessment include: — Understanding management's impairment assessment process and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; — Assessing the valuation methodology, which is a discounted cash flow model, used by management to estimate the recoverable amount with the support of our valuation experts; — Checking, on a sample basis, the accuracy and relevance of the input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets by comparing the budgets to the historical results and the market data;

Key audit matters *(Continued)*

Key audit matter	How our audit addressed the key audit matter
For the impairment assessment, management calculated the recoverable amount under value-in-use method. As the calculation requires the use of significant management judgment and estimates, including the sales growth rate, future products selling price, expected production capacity and production costs, discount rate and terminal growth rate etc., we considered it as a key audit matter.	— Assessing and challenging the reasonableness of management's key assumptions such as the sales growth rate, future products selling prices, expected production capacity and production costs, discount rate and terminal growth rate, based on our knowledge of the business and industry by comparing the key assumptions to historical results and published market and industry data, where applicable. Our valuation expert was engaged to review on the discount rate and terminal growth rate; and — Assessing management's sensitivity analyses around the key assumptions in consideration of potential impact of reasonable possible changes in the individual key assumption. Based on the audit procedures performed, we found that the key assumptions made by management were supported by available evidence. We assessed the adequacy of the disclosures related to the carrying values of property, plant and equipment, including those relating to sensitivities, and agreed disclosures in the consolidated financial statements to the assessment tested and the assumptions applied in the assessment. We considered the disclosures to be appropriate.

Other information

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

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

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

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

Responsibilities of Directors and Those Charged with Governance for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Pong Fei Ho.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 19th March 2025

Consolidated Income Statement

for the year ended 31st December 2024

	Note	2024 HK$'M	2023 HK$'M
Revenue	5	**55,472.8**	56,971.1
Total operating expenses	6	**(47,294.9)**	(48,833.8)
		8,177.9	8,137.3
Other gains, net	7	**489.4**	324.9
Interest expense	9	**(2,257.1)**	(2,214.6)
Share of results of associates	21	**1,466.7**	2,361.1
Share of results of joint ventures	22	**613.5**	565.7
Profit before taxation	10	**8,490.4**	9,174.4
Taxation	13	**(1,729.2)**	(2,003.1)
Profit for the year		**6,761.2**	7,171.3
Attributable to:			
Shareholders of the Company		**5,711.5**	6,070.1
Holders of perpetual capital securities		**—**	108.4
Non-controlling interests		**1,049.7**	992.8
		6,761.2	7,171.3
Earnings per share — basic, HK cents	15	**30.6**	32.5
Earnings per share — diluted, HK cents	15	**30.1**	31.6

The notes on pages 119 to 248 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2024

	2024 HK$'M	2023 HK$'M
Profit for the year	**6,761.2**	7,171.3
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Movement in reserve of equity investments at fair value through other comprehensive income	**(26.2)**	110.0
Remeasurements of retirement benefit	**25.9**	(27.8)
Exchange differences	**(414.7)**	(327.8)
Items that may be reclassified subsequently to profit or loss:		
Movement in reserve of debt investments at fair value through other comprehensive income	**(0.1)**	5.0
Change in fair value of cash flow hedges	**4.9**	(28.0)
Share of other comprehensive income of associates	**84.0**	3.3
Exchange differences	**(1,863.3)**	(1,424.1)
Other comprehensive loss for the year, net of tax	**(2,189.5)**	(1,689.4)
Total comprehensive income for the year	**4,571.7**	5,481.9
Total comprehensive income attributable to:		
Shareholders of the Company	**3,945.2**	4,690.0
Holders of perpetual capital securities	**–**	108.4
Non-controlling interests	**626.5**	683.5
	4,571.7	5,481.9

The notes on pages 119 to 248 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31st December 2024

	Note	2024 HK$'M	2023 HK$'M (restated)
Non-current assets			
Property, plant and equipment	16	**70,776.0**	71,276.6
Investment property	17	**966.6**	1,001.1
Right-of-use assets	18	**1,872.1**	2,140.2
Intangible assets	19	**4,388.0**	4,463.2
Associates	21	**36,074.7**	36,064.1
Joint ventures	22	**10,612.1**	10,884.1
Financial assets at fair value through other comprehensive income	23	**1,692.0**	1,830.5
Financial assets at fair value through profit or loss	24	**1,436.3**	1,706.5
Derivative financial instruments	25	**120.3**	76.6
Retirement benefit assets	26	**127.9**	105.4
Other non-current assets	27	**5,862.0**	5,795.5
		133,928.0	135,343.8
Current assets			
Inventories	28	**2,794.6**	2,567.0
Trade and other receivables	29	**11,474.9**	9,924.6
Loan and other receivables from associates	21	**1,191.5**	752.3
Loan and other receivables from joint ventures	22	**494.7**	510.9
Loan and other receivables from non-controlling shareholders		**142.6**	248.8
Financial assets at fair value through profit or loss	24	**1,330.0**	1,374.8
Derivative financial instruments	25	**1.0**	18.4
Time deposits over three months	30	**89.1**	66.0
Time deposits up to three months, cash and bank balances	30	**6,271.5**	8,972.1
		23,789.9	24,434.9
Assets held-for-sale	43	**550.7**	2,198.9
Current liabilities			
Trade payables and other liabilities	31	**(20,750.8)**	(19,926.8)
Loan and other payables to associates	21	**(261.5)**	(72.2)
Loan and other payables to joint ventures	22	**(473.4)**	(629.7)
Loan and other payables to non-controlling shareholders		**(52.7)**	(85.9)
Provision for taxation		**(930.7)**	(1,619.3)
Borrowings	32	**(13,461.2)**	(16,567.2)
Redeemable perpetual securities	32	**—**	(2,343.6)
Derivative financial instruments	25	**(80.2)**	(132.1)
		(36,010.5)	(41,376.8)
Liabilities directly associated with assets held-for-sale	43	**(57.0)**	(717.2)
Total assets less current liabilities		**122,201.1**	119,883.6

The notes on pages 119 to 248 form part of these consolidated financial statements.

as at 31st December 2024

	Note	2024 HK$'M	2023 HK$'M (restated)
Non-current liabilities			
Deferred taxation	33	**(6,908.4)**	(6,924.3)
Borrowings	32	**(43,961.0)**	(38,858.1)
Derivative financial instruments	25	**(87.2)**	(76.3)
Loan from a joint venture	22	**(127.1)**	(110.0)
Other non-current liabilities	34	**(2,783.9)**	(2,896.2)
		(53,867.6)	(48,864.9)
Net assets		**68,333.5**	71,018.7
Capital and reserves			
Share capital	35	**5,474.7**	5,474.7
Reserves	36	**51,915.7**	54,378.1
Shareholders' funds		**57,390.4**	59,852.8
Non-controlling interests		**10,943.1**	11,165.9
Total equity		**68,333.5**	71,018.7

Approved by the Board of Directors on 19th March 2025

Lee Ka-kit
Director

David Li Kwok-po
Director

The notes on pages 119 to 248 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31st December 2024

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

The notes on pages 119 to 248 form part of these consolidated financial statements.

for the year ended 31st December 2024

	Attributable to shareholders of the Company		Holders of perpetual capital securities	Non-controlling interests	Total
	Share capital HK$'M	Reserves HK$'M	HK$'M	HK$'M	HK$'M
As at 1st January 2023	5,474.7	55,752.8	2,384.2	11,527.0	75,138.7
Profit for the year	–	6,070.1	108.4	992.8	7,171.3
Other comprehensive income:					
Movement in reserve of financial assets at fair value through other comprehensive income	–	78.6	–	36.4	115.0
Remeasurements of retirement benefit	–	(27.8)	–	–	(27.8)
Change in fair value of cash flow hedges	–	(10.1)	–	(17.9)	(28.0)
Share of other comprehensive income of associates	–	3.3	–	–	3.3
Exchange differences	–	(1,424.1)	–	(327.8)	(1,751.9)
Total comprehensive income for the year	–	4,690.0	108.4	683.5	5,481.9
Capital injections in subsidiaries	–	108.1	–	(43.7)	64.4
Further acquisition of subsidiaries (note 41(b))	–	(11.2)	–	(25.8)	(37.0)
Deemed partial disposal of subsidiaries	–	0.2	–	15.9	16.1
Disposal of subsidiaries (note 42)	–	50.0	–	(477.0)	(427.0)
Release of exchange reserve	–	283.8	–	138.3	422.1
Interest paid on perpetual capital securities	–	–	(117.6)	–	(117.6)
Dividends paid to shareholders of the Company	–	(6,531.0)	–	–	(6,531.0)
Dividends paid to non-controlling shareholders	–	–	–	(662.6)	(662.6)
Share-based payments of a subsidiary	–	6.2	–	3.0	9.2
Share award scheme of a subsidiary	–	29.2	–	7.3	36.5
Redemption of perpetual capital securities	–	–	(2,375.0)	–	(2,375.0)
As at 31st December 2023	5,474.7	54,378.1	–	11,165.9	71,018.7

The notes on pages 119 to 248 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31st December 2024

	Note	2024 HK$'M	2023 HK$'M
Net cash from operating activities	40 (a)	**9,000.3**	10,931.7
Investing activities			
Purchase of property, plant and equipment		**(6,435.5)**	(8,359.7)
Payment for right-of-use assets		**(24.6)**	(67.9)
Receipt from sale of property, plant and equipment		**107.8**	73.8
Receipt from sale of right-of-use assets		**8.8**	65.5
Acquisition of subsidiaries	41 (a)	**(0.9)**	(299.5)
Settlement of outstanding payments related to acquisition and disposal of subsidiaries in prior years		**(206.7)**	–
Disposal of subsidiaries	42, 43	**901.2**	(2,065.6)
Deemed disposal of a subsidiary		**–**	(7.1)
Increase in other payables		**760.1**	468.3
Increase in investments in associates		**(81.8)**	(297.4)
Disposal of associates		**13.5**	5,398.2
Increase in loans to associates		**(212.1)**	(58.5)
Repayment of loans by associates		**25.6**	344.1
(Increase)/decrease in amounts due from associates		**(87.9)**	2.5
Increase in investments in joint ventures		**(30.1)**	(78.8)
Increase in loans to joint ventures		**(30.1)**	(71.0)
Repayment of loans by joint ventures		**171.2**	11.7
(Increase)/decrease in amounts due from joint ventures		**(72.8)**	329.4
Sale of financial assets at fair value through profit or loss		**231.9**	137.6
Sale of financial assets at fair value through other comprehensive income		**119.2**	43.1
Purchase of financial assets at fair value through profit or loss		**–**	(138.8)
Purchase of financial assets at fair value through other comprehensive income		**(3.5)**	(4.9)
Release/(placement) of restricted deposits		**70.0**	(109.4)
Increase in time deposits over three months		**(26.2)**	(14.2)
Interest received		**209.7**	325.2
Dividends received from investments in securities		**149.7**	173.6
Dividends received from associates		**1,532.8**	1,146.5
Dividends received from joint ventures		**603.5**	558.3
Net cash used in investing activities		**(2,307.2)**	(2,495.0)

The notes on pages 119 to 248 form part of these consolidated financial statements.

for the year ended 31st December 2024

	Note	2024 HK$'M	2023 HK$'M
Financing activities			
Net change in loan balances with non-controlling shareholders		**71.7**	(134.0)
Capital injection by non-controlling shareholders		**29.9**	64.4
Further acquisition of subsidiaries	41 (b)	**(43.3)**	(37.0)
Increase in borrowings		**37,099.4**	30,466.2
Repayment of borrowings		**(34,381.2)**	(33,004.4)
Redemption of perpetual capital securities		**(2,343.6)**	–
Principal elements of lease payments		**(199.6)**	(491.0)
Interest paid for the lease liabilities		**(20.7)**	(28.0)
Interest paid		**(2,280.2)**	(1,970.5)
Interest paid to holders of perpetual capital securities		**(12.7)**	(117.6)
Dividends paid to shareholders of the Company	44 (a)	**(6,531.0)**	(6,531.0)
Dividends paid to non-controlling shareholders		**(594.4)**	(662.6)
Issue of subscription shares of a subsidiary	40 (d)	**–**	0.4
Purchase of shares under share award scheme of a subsidiary		**–**	(3.2)
Net cash used in financing activities		**(9,205.7)**	(12,448.3)
Decrease in cash and cash equivalents		**(2,512.6)**	(4,011.6)
Cash and cash equivalents at 1st January		**8,972.1**	13,241.2
Effect of foreign exchange rate changes		**(188.0)**	(257.5)
Cash and cash equivalents at 31st December		**6,271.5**	8,972.1
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**5,771.6**	7,380.3
Time deposits up to three months		**499.9**	1,591.8
		6,271.5	8,972.1

The notes on pages 119 to 248 form part of these consolidated financial statements.

1 General information

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

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

2 Summary of material accounting policies

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

(a) Basis of preparation

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

As at 31st December 2024, the Group was in a net current liabilities (including assets held-for-sale and liabilities directly associated with assets held-for-sale) position of approximately HK$11.7 billion, which included the borrowings of approximately HK$13.5 billion that are repayable within one year from the end of the reporting period. Taking into consideration the Group's available facilities, history of obtaining external financing and the Group's expected cash flows from operations, management believes that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

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

2 Summary of material accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Amendments and interpretation to standards adopted in 2024

The Group has adopted the following amendments and interpretation to standards which are effective for the Group's financial year beginning 1st January 2024 and relevant to the Group.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
HK Int 5 (revised)	Hong Kong Interpretation 5 (revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

Except as described below, the adoption of the amendments and interpretation to standards has no material impact on the Group's results and financial position or any substantial changes in the Group's accounting policies.

Impacts on application of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments")

Convertible bonds (with conversion options not meeting "fixed for fixed criterion")

When determining the classification of convertible bonds (including the host liability measured at amortised cost and the conversion option measured at fair value through profit or loss) as current or non-current, the Group considers both the redemption through cash settlement and the transfer of the Group's own equity instruments as a result of exercise of conversion options by holders as settlement of the convertible bonds.

The Group has applied the new accounting policy and the amendments retrospectively. The application of the amendments in the current year has the following impacts on the convertible bonds with conversion options not meeting "fixed for fixed criterion".

The Group's outstanding convertible instruments include counterparty conversion options that do not meet equity instruments classification by applying HKAS 32 "Financial Instruments: Presentation". The host liability component is measured at amortised cost and the derivative component (representing the conversion options) is measured at fair value. Upon the application of the 2020 Amendments, given that the conversion options are exercisable by the holders anytime, the host liability and the derivative component as at 1st January 2023 and 31st December 2023 are reclassified as current liabilities as the holders have the option to convert within twelve months after the reporting period.

2 Summary of material accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Amendments and interpretation to standards adopted in 2024 *(Continued)*

Impacts on application of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments") (Continued)

Convertible bonds (with conversion options not meeting "fixed for fixed criterion") *(Continued)*

Except as described above, the application of the 2020 Amendments and 2022 Amendments has no other material impact on the classification of the Group's other liabilities. The change in accounting policy does not have impact to the Group's profit or loss or earnings per share for the year ended 31st December 2023. The details of the impacts on each financial statement line item on the consolidated statement of financial position arising from the application of the amendments are set out under "Impacts of application of amendments to HKFRSs on the consolidated financial statements" below. Comparative figures have been restated.

Impacts of application of amendments to HKFRSs on the consolidated financial statements

The effects of the changes in accounting policy as a result of application of the 2020 Amendments and 2022 Amendments on the consolidated statement of financial position as at the end of the reporting period (i.e. 31st December 2024), immediately preceding year (i.e. 31st December 2023) and beginning of the comparative period (i.e. 1st January 2023), are as follows:

	At 31st December 2024		
HK$ Million	**As reported**	**Reclassification**	**Without the application of the 2020 Amendments and 2022 Amendments**
Current liabilities			
Borrowings	**13,461.2**	**(1,849.6)**	**11,611.6**
Derivative financial instruments	**80.2**	**(17.3)**	**62.9**
Total current liabilities	**36,010.5**	**(1,866.9)**	**34,143.6**
Non-current liabilities			
Borrowings	**43,961.0**	**1,849.6**	**45,810.6**
Derivative financial instruments	**87.2**	**17.3**	**104.5**
Total non-current liabilities	**53,867.6**	**1,866.9**	**55,734.5**
Net current liabilities	**11,726.9**	**(1,866.9)**	**9,860.0**
Total assets less current liabilities	**122,201.1**	**1,866.9**	**124,068.0**
Net assets	**68,333.5**	**—**	**68,333.5**

2 Summary of material accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Amendments and interpretation to standards adopted in 2024 *(Continued)*

Impacts on application of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments") (Continued)

Impacts of application of amendments to HKFRSs on the consolidated financial statements *(Continued)*

	At 31st December 2023		
HK$ Million	Originally stated	Reclassification	Restated
Current liabilities			
Borrowings	14,709.4	1,857.8	16,567.2
Derivative financial instruments	37.6	94.5	132.1
Total current liabilities	39,424.5	1,952.3	41,376.8
Non-current liabilities			
Borrowings	40,715.9	(1,857.8)	38,858.1
Derivative financial instruments	170.8	(94.5)	76.3
Total non-current liabilities	50,817.2	(1,952.3)	48,864.9
Net current liabilities	13,507.9	1,952.3	15,460.2
Total assets less current liabilities	121,835.9	(1,952.3)	119,883.6
Net assets	71,018.7	—	71,018.7

2 Summary of material accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Amendments and interpretation to standards adopted in 2024 (Continued)

Impacts on application of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments") (Continued)

Impacts of application of amendments to HKFRSs on the consolidated financial statements *(Continued)*

	At 1st January 2023		
HK$ Million	Originally stated	Reclassification	Restated
Current liabilities			
Borrowings	19,680.9	1,854.9	21,535.8
Derivative financial instruments	—	200.7	200.7
Total current liabilities	43,522.8	2,055.6	45,578.4
Non-current liabilities			
Borrowings	39,623.1	(1,854.9)	37,768.2
Derivative financial instruments	294.3	(200.7)	93.6
Total non-current liabilities	49,807.8	(2,055.6)	47,752.2
Net current liabilities	14,811.8	2,055.6	16,867.4
Total assets less current liabilities	124,946.5	(2,055.6)	122,890.9
Net assets	75,138.7	—	75,138.7

2 Summary of material accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) New, amendments and interpretations to existing standards which are not yet effective for the year ended 31st December 2024 but relevant to the Group and have not been early adopted by the Group

Amendments to HKAS 21 and HKFRS 1[(1)]	Lack of Exchangeability
Amendments to HKFRS 9 and HKFRS 7[(2)]	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7[(2)]	Contracts Referencing Nature-dependent Electricity
HKFRS 18[(3)]	Presentation and Disclosure in Financial Statements
Amendments to HK Int 5[(3)]	Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS Accounting Standards[(3)]	Annual Improvements to HKFRS Accounting Standards — Volume 11
HKFRS 10 and HKAS 28[(4)]	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(1) Effective for annual periods beginning 1st January 2025
(2) Effective for annual periods beginning 1st January 2026
(3) Effective for annual periods beginning 1st January 2027
(4) To be determined

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

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some paragraphs in HKAS 1 have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures". Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and the related amendments to other standards, will be effective for annual periods beginning on or after 1st January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated income statement and disclosures in the future consolidated financial statements.

2 Summary of material accounting policies *(Continued)*

(b) Consolidation

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

(i) Subsidiaries

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

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

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

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

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

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

2 Summary of material accounting policies *(Continued)*

(b) Consolidation *(Continued)*

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

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

(iii) Disposal of subsidiaries

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

(iv) Associates

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

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

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

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

2 Summary of material accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(iv) Associates (Continued)

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

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

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

(v) Joint ventures

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

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

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

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

2 Summary of material accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(v) Joint ventures (Continued)

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

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

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

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

2 Summary of material accounting policies *(Continued)*

(d) Foreign currency translation *(Continued)*

(ii) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other gains, net.

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

(iii) Group companies

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

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

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

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

2 Summary of material accounting policies *(Continued)*

(e) Property, plant and equipment

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

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

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

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

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

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

2 Summary of material accounting policies *(Continued)*

(f) Investment property

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

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

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

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

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

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

2 Summary of material accounting policies *(Continued)*

(g) Leases

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

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

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

— fixed payments (including in-substance fixed payments), less any lease incentives receivable

— variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

— amounts expected to be payable by the Group under residual value guarantees

— the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and

— payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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

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

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

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

2 Summary of material accounting policies *(Continued)*

(g) Leases *(Continued)*

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

— the amount of the initial measurement of lease liability

— any lease payments made at or before the commencement date less any lease incentives received

— any initial direct costs, and

— restoration costs.

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

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

(h) Intangible assets

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

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

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

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

2 Summary of material accounting policies *(Continued)*

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

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

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

(j) Investments and other financial assets

(i) Classification

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

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

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

(ii) Recognition and derecognition

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

2 Summary of material accounting policies *(Continued)*

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

(iii) Measurement

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

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

Debt instruments

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

Equity instruments

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

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

(iv) Impairment

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

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

2 Summary of material accounting policies *(Continued)*

(k) Derivative financial instruments and hedging activities

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

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

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

Cash flow hedge that qualify for hedge accounting

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

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

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

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

2 Summary of material accounting policies *(Continued)*

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

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

— Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in the profit or loss as the hedged item affects the profit or loss (for example through cost of sales).

— The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in the profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

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

(l) Inventories

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

2 Summary of material accounting policies *(Continued)*

(m) Contract assets and contract liabilities

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

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

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

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

(n) Construction contracts

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

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

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

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

2 Summary of material accounting policies *(Continued)*

(o) Trade and other receivables

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

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

(p) Cash and cash equivalents

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

(q) Trade payables

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

(r) Borrowings and borrowing costs

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

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

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

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

2 Summary of material accounting policies *(Continued)*

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

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

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

Convertible bonds

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

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

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

(s) Current and deferred taxation

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

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

2 Summary of material accounting policies *(Continued)*

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

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

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

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

(t) Revenue and income recognition

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

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

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

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

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

(vi) Renewable energy businesses — recognised at a point in time and based on energy production (mainly photovoltaic power) primarily derived from meter readings.

(vii) Biomass utilisation businesses and other chemical products related sales — recognised at a point in time and upon completion of delivery and title has passed.

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

2 Summary of material accounting policies *(Continued)*

(t) Revenue and income recognition *(Continued)*

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

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

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

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

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

(u) Employee benefits

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

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

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

2 Summary of material accounting policies *(Continued)*

(u) Employee benefits *(Continued)*

(i) Defined contribution retirement schemes

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

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

(ii) Defined benefit retirement scheme

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

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

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

2 Summary of material accounting policies *(Continued)*

(v) Provisions and contingencies

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

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

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

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

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

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

2 Summary of material accounting policies *(Continued)*

(w) Government grants

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

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

3 Financial risk management

Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

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

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

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

At 31st December 2024, if the RMB had weakened/strengthened by 2 per cent (2023: 2 per cent) against HKD with all other variables held constant, pre-tax profit for the year would have been HK$19.7 million (2023: HK$30.4 million) lower/higher.

(ii) Price risk

The Group is exposed to equity securities price risk for the listed equity investments held by the Group which are classified as financial assets at FVOCI and financial assets at FVPL of HK$1,308.5 million (2023: HK$1,351.4 million) and HK$1,102.6 million (2023: HK$1,145.2 million) respectively.

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

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(a) Market risk (Continued)

(ii) Price risk (Continued)

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

The table below summarises the impact of increases/decreases of the following indexes on the Group's pre-tax profit for the year and on other comprehensive income. The analysis is based on the assumption that the indexes had increased/decreased by 10 per cent (2023: 10 per cent) with all other variables held constant and all the Group's equity securities moved according to the historical correlation with the indexes.

	Impact on pre-tax profit		Impact on other comprehensive income	
	2024 HK$'M	2023 HK$'M	**2024 HK$'M**	2023 HK$'M
Hang Seng Index	**–**	–	**9.4**	4.0
Shanghai Stock Exchange A Share Index	**109.8**	84.0	**100.5**	81.1

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

(iii) Cash flow and fair value interest rate risk

Financial instruments at fixed and variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk respectively. The Group's interest-bearing assets mainly comprise floating and fixed rate unrestricted bank deposits of HK$6,360.6 million (2023: HK$9,038.1 million). The Group's interest-bearing liabilities mainly comprises floating rate borrowings of HK$21,148.8 million (2023: HK$21,817.8 million), fixed rate borrowings of HK$36,273.4 million (2023: HK$35,951.1 million) and floating rate deposits received from customers of HK$1,493.0 million (2023: HK$1,482.0 million).

At 31st December 2024, if market interest rates on unrestricted bank deposits had been 100 basis points (2023: 100 basis points) higher/lower with all other variables held constant, pre-tax profit for the year would have been HK$84.7 million (2023: HK$125.6 million) higher/lower, mainly as a result of higher/lower interest income on floating rate unrestricted bank deposits.

At 31st December 2024, if market interest rates on borrowings and customers' deposits had been 100 basis points (2023: 100 basis points) higher/lower with all other variables held constant, pre-tax profit for the year would have been HK$244.1 million (2023: HK$254.1 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings and customers' deposits.

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk

Credit risk of the Group mainly arises from:

	2024 HK$'M	2023 HK$'M
Cash and unrestricted bank deposits	**6,360.6**	9,038.1
Debt securities and derivative financial instruments	**182.1**	419.0
Trade receivables	**5,130.4**	4,590.6
Other receivables	**4,628.8**	3,532.2
Loan and other receivables from associates	**1,263.5**	889.9
Loan and other receivables from joint ventures	**494.7**	510.9
Loan and other receivables from non-controlling shareholders	**147.8**	248.8
Other non-current assets	**3,999.7**	3,923.2

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

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

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk (Continued)

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

	2024 %	2023 %
Cash and unrestricted bank deposits		
AA	**1.2**	7.3
A	**67.3**	75.1
BBB	**21.6**	10.5
Unrated	**9.9**	7.1
	100.0	100.0
Debt securities		
AA	**26.8**	6.3
A	**–**	8.2
BBB	**–**	4.2
Unrated	**73.2**	81.3
	100.0	100.0
Derivative financial instruments		
AA	**2.6**	8.1
A	**97.4**	90.2
BBB	**–**	1.7
	100.0	100.0

Credit ratings are quoted from Bloomberg.

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

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

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk (Continued)

Trade receivables and contract assets

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for trade receivables and contract assets. The expected credit loss provision rates for trade receivables and contract assets are based on historical payment profiles and historical credit loss experience, adjusted to reflect, where relevant and appropriate, current and information specific to the debtors, future economic and market conditions and forward-looking information on macroeconomic factors (e.g. Gross Domestic Product) affecting the ability of the debtors to settle the receivables that the Group considers are reasonable and appropriate.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on the days past due. The gross carrying amount of the trade receivables, contract assets and the loss allowance provision analysed by aging band are set out below:

	Current	1–30 days	31–60 days	61–90 days	Over 90 days	Total
31st December 2024						
Expected loss rate	0.2%	1.2%	2.2%	3.8%	38.2%	5.2%
Gross carrying amount — trade receivables and contract assets (HK$'M)	5,960.4	227.6	82.6	75.5	942.6	7,288.7
Loss allowance (HK$'M)	10.6	2.7	1.8	2.9	360.4	378.4

	Current	1–30 days	31–60 days	61–90 days	Over 90 days	Total
31st December 2023						
Expected loss rate	0.1%	0.5%	0.9%	0.7%	39.0%	5.0%
Gross carrying amount — trade receivables and contract assets (HK$'M)	4,182.1	1,091.1	123.6	288.1	795.7	6,480.6
Loss allowance (HK$'M)	2.3	5.2	1.1	2.0	310.3	320.9

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

Trade receivables and contract assets (Continued)

The closing loss allowances for trade receivables as at 31st December 2024 and 2023 reconcile to the opening loss allowances as follows:

	Loss allowance for trade receivables and contract assets	
	2024 HK$'M	2023 HK$'M
At 1st January	320.9	286.4
Increase in loss allowance recognised in the profit or loss (note 10)	75.6	56.6
Receivables written off as uncollectible	(6.0)	(10.5)
Unused amount reversed	(1.3)	(6.8)
Exchange differences	(10.8)	(4.8)
At 31st December (note 29(a))	378.4	320.9

A provision for impairment is established when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments after certain periods of time.

Other receivables, loans and other receivables from associates, joint ventures and non-controlling shareholders, and aviation fuel facility construction receivable

Impairment on other receivables, loans and other receivables from associates, joint ventures and non-controlling shareholders, and aviation fuel facility construction receivable are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then loss allowance is measured as lifetime expected credit losses.

Save as disclosed elsewhere, the Group applies 12-month expected credit loss model under HKFRS 9 and considers there is no significant increase in credit risk since initial recognition. Except for loss allowance of HK$79.8 million measured under a lifetime expected credit loss model (2023: HK$44.2 million) recognised for loan and other receivable from an associate, the loss allowance for other receivables and loans and other receivables from associates, joint ventures and non-controlling shareholders as a result of applying the expected credit loss model was immaterial.

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk (Continued)

Other financial investments

All of the Group's debt investments at FVOCI are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12-month expected credit losses. Management consider 'low credit risk' for most of the listed bonds to be an investment grade credit rating with at least one major rating agency. The issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Taking into account the ongoing dealings with counterparties and securities pledged by the counterparties, management consider 'low credit risk' for the derivative financial instruments.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping adequate free cash and credit lines available.

The Group determines that there is no significant liquidity risk in view of the adequate and stable sources of funds and unutilised banking facilities.

3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

The table below analyses the Group's major financial liabilities into relevant maturity groupings based on the remaining period at the date of statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, except for derivative financial instruments. Non-interest-bearing balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year HK$'M	Between 1 and 2 years HK$'M	Between 2 and 5 years HK$'M	Over 5 years HK$'M
At 31st December 2024				
Trade and other payables	**8,009.8**	**–**	**–**	**–**
Loan and other payables to associates	**261.5**	**–**	**–**	**–**
Loan and other payables to joint ventures	**473.4**	**127.1**	**–**	**–**
Loan and other payables to non-controlling shareholders	**52.7**	**167.3**	**–**	**–**
Borrowings	**15,770.0**	**16,321.3**	**19,635.0**	**15,028.9**
Lease liabilities	**115.6**	**77.7**	**65.8**	**90.8**
Derivative financial instruments	**80.2**	**65.5**	**21.7**	**–**
At 31st December 2023				
Trade and other payables	7,315.5	–	–	–
Loan and other payables to associates	72.2	–	–	–
Loan and other payables to joint ventures	629.7	110.0	–	–
Loan and other payables to non-controlling shareholders	85.9	–	164.9	–
Borrowings	19,426.0	12,675.4	20,840.5	14,123.9
Lease liabilities	145.7	100.0	151.6	138.0
Derivative financial instruments	132.1	23.5	49.1	3.7

The customers' deposits are not presented in the above liquidity analysis as management considers it is not practical to allocate the deposits into maturity groupings and the net movement in customers' deposits is not significant based on past experience.

3 Financial risk management *(Continued)*

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, buy back existing shares, drawdown and repay borrowings (including redeemable perpetual securities), issue and redeem perpetual capital securities, issue new shares, convertible bonds or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowing divided by total equity and net borrowing. Net borrowing is calculated as total borrowings (including redeemable perpetual securities), less unrestricted time deposits, cash and bank deposits as shown in the consolidated statement of financial position.

The gearing ratios at 31st December 2024 and 2023 are as follows:

	2024 HK$'M	2023 HK$'M
Total borrowings (including redeemable perpetual securities)	**(57,422.2)**	(57,768.9)
Less: Unrestricted time deposits, cash and bank deposits	**6,360.6**	9,038.1
Net borrowing	**(51,061.6)**	(48,730.8)
Total equity	**(68,333.5)**	(71,018.7)
Net borrowing	**(51,061.6)**	(48,730.8)
	(119,395.1)	(119,749.5)
Gearing ratio	**43%**	41%

3 Financial risk management *(Continued)*

Fair value estimation

The Group's financial instruments are measured in the consolidated statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

— Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

— Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

— Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liability that are measured at fair value at 31st December 2024 and 2023.

	Level 1		Level 2		Level 3		Total	
HK$'M	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Financial assets								
Financial assets at FVPL								
— Debt securities	**44.5**	263.1	**—**	—	**—**	—	**44.5**	263.1
— Equity investments	**1,102.6**	1,145.2	**1,330.0**	1,374.8	**289.2**	298.2	**2,721.8**	2,818.2
Derivative financial instruments	**—**	—	**121.3**	95.0	**—**	—	**121.3**	95.0
Financial assets at FVOCI								
— Debt securities	**16.3**	60.9	**—**	—	**—**	—	**16.3**	60.9
— Equity investments	**1,308.5**	1,351.4	**—**	—	**367.2**	418.2	**1,675.7**	1,769.6
Total financial assets	**2,471.9**	2,820.6	**1,451.3**	1,469.8	**656.4**	716.4	**4,579.6**	5,006.8
Financial liability								
Derivative financial instruments	**—**	—	**150.1**	113.9	**17.3**	94.5	**167.4**	208.4
Total financial liability	**—**	—	**150.1**	113.9	**17.3**	94.5	**167.4**	208.4

There are no changes in valuation techniques during the year.

3 Financial risk management *(Continued)*

Fair value estimation *(Continued)*

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting year. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

— Quoted market prices or dealer quotes for similar instruments.

— The fair value of cross currency swaps is calculated as the present value of the estimated future cash flows based on observable foreign exchange rates and yield curves.

— The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

— The fair value of forward foreign exchange contracts is calculated as the present value of future cash flows based on the forward exchange rates at the end of the reporting period.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

— Financial assets include unlisted equity investments of approximately HK$0.7 billion (2023 : approximately HK$0.7 billion), the fair values of which are determined with reference to their attributable net assets values and recent comparable transaction price, where available, being significant unobservable inputs. The fair value increases with the increase in the attributable net assets value and recent comparable transaction price, where available.

— Financial liability includes embedded derivative component of convertible bonds of approximately HK$17.3 million (2023: approximately HK$94.5 million), the fair value of which is determined based on binomial option pricing model. The significant unobservable inputs include share price expected volatility of 32.6 per cent (2023: 43.2 per cent). The fair value of embedded derivative component of convertible bonds increases with the increase in the share price expected volatility.

3 Financial risk management *(Continued)*

Fair value estimation *(Continued)*

The following table presents the changes in level 3 instruments of the Group for the year ended 31st December 2024 and 2023:

	Financial assets		Financial liability	
	2024 HK$M	2023 HK$M	**2024 HK$M**	2023 HK$M
At 1st January	**716.4**	3,979.3	**94.5**	354.7
Additions	**17.5**	73.6	**—**	—
Disposals	**(67.8)**	(137.3)	**—**	—
Change in fair value	**11.2**	(1,728.3)	**(75.6)**	(255.6)
Exchange differences	**(20.9)**	(96.1)	**(1.6)**	(4.6)
Transfer to level 2	**—**	(1,374.8)	**—**	—
At 31st December	**656.4**	716.4	**17.3**	94.5

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

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances such as climate change. Management incorporates their assessment on the impact arising from the relevant global political and economic situation into their evaluation.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(a) Estimated impairment of assets

The Group tests annually whether goodwill has suffered any impairment or whenever events of changes in circumstances indicates that the carrying amount may not be recoverable. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amounts of the assets and cash-generating units have been determined based on the higher of fair value less costs of disposal and value-in-use calculations, and reflecting management's latest business plans and strategies in light of the latest market environment and the management's assessment on the business prospect thereof as of 31st December 2024. These calculations require the use of estimates which includes the following key assumptions as detailed below:

4 Critical accounting estimates and judgements *(Continued)*

(a) Estimated impairment of assets *(Continued)*

Chemical production project in the Chinese mainland

With respect to a chemical production project of the Group in the Chinese mainland which produces industrial chemical products including methanol and green methanol (under Green Energy segment), the Group assessed its recoverable amount using the value-in-use method as at 31st December 2024. The key assumptions adopted in the assessment as at 31st December 2024 are summarised below.

— The average revenue growth rate for the first five forecast years is approximately 19 per cent;
— the annual revenue growth and production costs rate subsequent to 31st December 2029 is set at 2 per cent; and
— the pre-tax discount rate of 10.7 per cent.

Based on the result of the assessment, no impairment provision against property, plant and equipment held by a subsidiary of the Group was recognised in the profit or loss for the year ended 31st December 2024 (2023: an impairment provision of HK$719.9 million).

Assuming (i) the average revenue growth rate for the first five forecast years deceased by 5 per cent; or (ii) the annual revenue growth and production costs rate subsequent to 31st December 2029 decreased by 50 basis points; or (iii) the discount rate increased by 50 basis points with all other variables held constant, the recoverable amount calculated would not result in a material impairment loss to the Group.

City-gas, renewable energy and related businesses in the Chinese mainland

In respect of several city-gas, renewable energy and related projects of the Group in the Chinese mainland (under gas, water, renewable energy and related businesses in the Chinese mainland segment), the Group assessed each of the projects' recoverable amounts by using the value-in-use method as at 31st December 2024. The key assumptions adopted in the assessments were future revenue growth, future selling/service prices and production costs, production volume (where applicable) and pre-tax discount rates of 8.0 per cent to 15.5 per cent (2023: 9.0 per cent to 15.5 per cent). Based on the results of the assessments, coupled with the transacted prices of certain transactions (where applicable), an impairment provision of HK$146.9 million against goodwill and property, plant and equipment of those projects held by certain subsidiaries of the Group was recognised in the profit or loss for the year ended 31st December 2024 (2023: an impairment provision of HK$959.7 million against goodwill and property, plant and equipment of those projects held by certain subsidiaries and joint ventures of the Group). Assuming the discount rates increased by 50 basis points with all other variables held constant, the further impairment loss to be recognised on goodwill or property, plant and equipment held by certain subsidiaries of the Group individually would not be material to the Group.

In respect of the goodwill impairment assessment, the key assumptions adopted in the value-in-use calculation are set out in note 19.

Data centres

In respect of several data centres of the Group (under other segment), the Group assessed each of the centres' recoverable amount by using the value-in-use method as at 31st December 2024. The key assumptions adopted in the assessments were future revenue growth, future selling/service prices, the utilisation rate of racks and pre-tax discount rate of 8.6 per cent to 10.6 per cent (2023: 10.0 per cent to 12.9 per cent). Based on the results of the assessments, no impairment provision against property, plant and equipment of those projects held by certain subsidiaries of the Group was recognised in the profit or loss for the year ended 31st December 2024 (2023: an impairment provision of HK$469.7 million). Assuming the discount rate increased by 50 basis points with all other variables held constant, the recoverable amount calculated would not result in a material impairment loss to the Group.

4 Critical accounting estimates and judgements *(Continued)*

(b) Property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions, inclusive of climate-related risks identified in page 55. It could change significantly as a result of technical innovation and climate change. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. For cost incurred and capitalised as property, plant and equipment, management assessed whether the Group retains the risk and reward in relation to the capitalised costs with rights over those assets and a potential to produce economic benefits and whether the Group has effective control over those assets based on relevant regulations and the terms as stipulated in the relevant agreements, where applicable.

(c) Estimate of gas and water consumption

Revenue for gas and water supply may include an estimation of the gas and water supplied to the customers of which actual meter reading is not available. The estimation is done mainly based on the past consumption records and recent consumption pattern of the customers. As of the year-end date, the overall billed gas and water sales are in line with the gas and water supplied to the customers.

(d) Recognition of gas connection income and allocation of transaction price

Critical judgements in recognising revenue

When gas connection income is recognised over time, the progress towards complete satisfaction of the performance obligation is measured using input method. Management are required to exercise significant judgement in their review and revision of the estimates of the total contract costs and actual costs incurred up to the end of the reporting period for each contract as the contract progresses, based on past experience and specific circumstances.

Critical judgements in allocating the transaction price

Some gas connection contracts include installation services. Because these contracts include performance obligations, the transaction price must be allocated to the performance obligations on a relative stand-alone selling price basis.

Management estimates that the stand-alone selling price at contract inception based on expected cost plus a margin approach for installation services and residual approach for connection services.

5 Segment information

The Group's principal activities are the production, distribution and marketing of gas, water supply, renewable energy businesses and emerging energy businesses ("Green Energy", formerly known as "New Energy") in Hong Kong and the Chinese mainland. The revenue comprises the following:

	2024 HK$'M	2023 HK$'M (restated)
Gas sales before fuel cost adjustment	40,479.5	41,460.4
Fuel cost adjustment	1,045.9	1,058.0
Gas sales after fuel cost adjustment	41,525.4	42,518.4
Gas connection income	2,897.4	2,951.7
Equipment sales and maintenance services	3,613.9	3,389.8
Water and related sales	1,572.9	1,584.0
Renewable energy businesses	1,863.5	1,056.3
Biomass utilisation businesses	–	1,382.0
Other sales	3,999.7	4,088.9
	55,472.8	56,971.1

Note

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

The chief operating decision-maker has been identified as the executive management members (the "EMM", formerly known as the "executive committee members" or the "ECM") of the Company. The EMM reviews the Group's internal reporting in order to assess performance and allocate resources. The EMM considers the business from both product and geographical perspectives. From a product perspective, management assesses the performance of (a) gas, water, renewable energy and related businesses; (b) Green Energy and (c) property business. Gas, water, renewable energy and related businesses are further evaluated on a geographic basis (Hong Kong and the Chinese mainland).

The EMM assesses the performance of the operating segments based on a measure of adjusted profit before interest, tax, depreciation and amortisation (the "adjusted EBITDA"). Other information provided, except as noted below, to the EMM is measured in a manner consistent with that in the consolidated financial statements.

5 Segment information *(Continued)*

The segment information provided to the EMM for the reportable segments is as follows:

2024 HK$'M	Gas, water, renewable energy and related businesses Hong Kong	 Chinese mainland	Green Energy	Property	Other segments	Total
Revenue recognised at a point in time	10,688.0	41,618.8	730.1	—	—	53,036.9
Revenue recognised over time	7.2	1,006.8	—	—	791.0	1,805.0
Finance and rental income	563.5	—	—	67.4	—	630.9
	11,258.7	42,625.6	730.1	67.4	791.0	55,472.8
Adjusted EBITDA	5,814.1	6,116.5	(218.7)	40.6	71.3	11,823.8
Depreciation and amortisation	(861.4)	(2,359.5)	(161.2)	—	(161.7)	(3,543.8)
Unallocated expenses						(102.1)
						8,177.9
Other gains, net (note 7)						489.4
Interest expense						(2,257.1)
Share of results of associates (note)	—	1,139.8	(79.5)	415.5	(9.1)	1,466.7
Share of results of joint ventures	—	611.2	0.1	10.9	(8.7)	613.5
Profit before taxation						8,490.4
Taxation						(1,729.2)
Profit for the year						6,761.2

98% (2023: 96%) of the stores and materials costs are incurred by gas, water, renewable energy and related businesses.

Note

Share of results of associates includes an increase of HK$78.6 million (2023: HK$500.0 million) being the Group's shared change in valuation of investment properties at the International Finance Centre complex for the year.

5 Segment information *(Continued)*

2023 HK$'M (restated)	Gas, water, renewable energy and related businesses Hong Kong	Gas, water, renewable energy and related businesses Chinese mainland	Green Energy	Property	Other segments	Total
Revenue recognised at a point in time	10,402.8	41,485.0	2,447.3	—	—	54,335.1
Revenue recognised over time	—	1,013.0	—	—	1,014.1	2,027.1
Finance and rental income	541.0	—	—	67.9	—	608.9
	10,943.8	42,498.0	2,447.3	67.9	1,014.1	56,971.1
Adjusted EBITDA	5,852.6	5,884.3	13.3	39.6	125.0	11,914.8
Depreciation and amortisation	(867.7)	(2,175.3)	(299.9)	—	(187.8)	(3,530.7)
Unallocated expenses						(246.8)
						8,137.3
Other gains, net (note 7)						324.9
Interest expense						(2,214.6)
Share of results of associates	—	1,257.4	225.4	878.6	(0.3)	2,361.1
Share of results of joint ventures	—	556.8	0.3	10.8	(2.2)	565.7
Profit before taxation						9,174.4
Taxation						(2,003.1)
Profit for the year						7,171.3

Note

Certain comparative figures have been reclassified due to the change of the internal organisational structure of the Group.

5 Segment information *(Continued)*

The segment assets at 31st December 2024 and 2023 are as follows:

2024 HK$'M	Gas, water, renewable energy and related businesses Hong Kong	Gas, water, renewable energy and related businesses Chinese mainland	Green Energy	Property	Other segments	Total
Segment assets	**22,588.4**	**99,851.4**	**10,107.1**	**16,369.9**	**3,636.7**	**152,553.5**
Unallocated assets:						
Financial assets at FVOCI						**1,692.0**
Financial assets at FVPL						**2,766.3**
Time deposits, cash and bank balances excluded from segment assets						**818.7**
Others (note)						**438.1**
Total assets						**158,268.6**

2023 HK$'M (restated)	Gas, water, renewable energy and related businesses Hong Kong	Gas, water, renewable energy and related businesses Chinese mainland	Green Energy	Property	Other segments	Total
Segment assets	21,743.8	100,501.4	12,947.7	16,309.1	3,788.8	155,290.8
Unallocated assets:						
Financial assets at FVOCI						1,830.5
Financial assets at FVPL						3,081.3
Time deposits, cash and bank balances excluded from segment assets						1,253.9
Others (note)						521.1
Total assets						161,977.6

Note

Certain comparative figures have been reclassified due to the change of the internal organisational structure of the Group.

5 Segment information *(Continued)*

Note (Continued)

Other unallocated assets mainly include other receivables other than those included under segment assets, retirement benefit assets, derivative financial instruments and loan and other receivables from non-controlling shareholders.

No liabilities are included in the internal reporting that are used by the EMM to assess performance and allocate resources. Accordingly, no segment liabilities are presented.

The Company is domiciled in Hong Kong. The Group's revenue from external customers in Hong Kong for the year ended 31st December 2024 is HK$12,084.9 million (2023: HK$11,989.6 million), and the revenue from external customers in the Chinese mainland and other geographical locations is HK$43,387.9 million (2023: HK$44,981.5 million).

At 31st December 2024, the total of non-current assets other than financial instruments located in Hong Kong is HK$36,175.6 million (2023: HK$35,981.0 million), and the total of non-current assets other than financial instruments located in the Chinese mainland and other geographical locations is HK$94,503.8 million (2023: HK$95,749.2 million).

For the years ended 31st December 2024 and 2023, the percentage of revenues attributable to the Group's five largest customers is less than 30 per cent and none of the individual customers of the Group contributed 10% or more of the Group's revenue.

6 Total operating expenses

	2024 HK$'M	2023 HK$'M
Stores and materials used	32,364.5	34,996.0
Manpower costs (note 11)	4,030.0	3,879.3
Depreciation and amortisation	3,567.9	3,541.8
Other operating items	7,332.5	6,416.7
	47,294.9	48,833.8

7 Other gains, net

	2024 HK$'M	2023 HK$'M
Business restructuring (note a):		
Net gain on disposal of subsidiaries (note 42)	–	4,677.2
Impairment losses for assets	–	(2,148.4)
Remeasurement loss on assets classified as held-for-sale (note 43)	–	(678.8)
Realised losses on an equity investment and related derivatives	–	(1,729.4)
	–	120.6
Towngas Smart Energy Company Limited's ("Towngas Smart Energy") exit of Shanghai Gas Co., Ltd. ("Shanghai Gas") (note b):		
Gain on disposal of an associate	–	681.0
Other items:		
Impairment losses for assets (note c)	(178.3)	(1,089.3)
Gain on disposal of subsidiaries	182.9	–
Gain on disposal of an associate engaged in water business	–	89.4
Gain/(loss) on deemed disposal of subsidiaries and associates	31.5	(40.5)
Change in fair value of embedded derivative component of convertible bonds (note 32(b))	75.6	101.6
Net investment gains (note 8)	414.2	457.7
Fair value (loss)/gain on investment property (note 17)	(34.5)	4.6
Ineffective portion on cash flow hedges (note 25)	(2.0)	(0.2)
	489.4	(476.7)
	489.4	324.9

7 Other gains, net *(Continued)*

Notes

(a) During the year ended 31st December 2023, the Group underwent business restructuring in a bid to streamline and rationalise the whole emerging energy business, with an aim of achieving a significant reduction in carbon emission. As part of the restructuring, the Group disposed its partial interest in EcoCeres, Inc. to a strategic investor, with the investment turned from a subsidiary to an associate which resulted in a net gain on disposal of approximately HK$4.7 billion.

Combining the factors of business restructuring plan as mentioned above and the volatility of commodity price environment, certain non-core and non-performing emerging energy and other businesses had been scaled down or disposed of, resulting in impairment or disposal losses for the year ended 31st December 2023, the amount mainly included impairment provision against property, plant and equipment in relation to a chemical production project, vehicular fuel stations and data centres located in the Chinese mainland of HK$719.9 million, HK$148.7 million and HK$469.7 million respectively. In addition, the Group has reached agreements to dispose its logistics and coal investments and therefore has reclassified those net assets as assets held-for-sale during the year, with a combined remeasurement loss of HK$678.8 million being recognised for the year ended 31st December 2023.

In June 2023, the Group reached an agreement to dispose an unlisted equity investment, which principally owns a coking coal mine and related coke production and coke-gas conversion facility, resulting in realised losses on financial assets and related derivatives of HK$1,729.4 million and impairment losses of loan receivables and prepayment of HK$844.7 million for the year ended 31st December 2023.

(b) Pursuant to a capital reduction agreement entered into by Towngas Smart Energy, Shenergy (Group) Company Limited and Shanghai Gas, all parties agreed to the exit by Towngas Smart Energy from its entire investment of 25 per cent equity interest in Shanghai Gas through a reduction of the capital of Shanghai Gas by the amount held by Towngas Smart Energy. During the year ended 31st December 2023, the Company recognised a gain of HK$681.0 million and received the consideration of RMB4,662.6 million from Shanghai Gas.

(c) The amount represents impairment provision against goodwill, property, plant and equipment and intangible asset of HK$178.3 million primarily due to under-performance with decline in future cash flows of city-gas projects in the Chinese mainland (2023: mainly included impairment provision against goodwill and property, plant and equipment related to several city-gas projects in the Chinese mainland of HK$959.7 million).

8 Net investment gains

	2024 HK$'M	2023 HK$'M
(a) Interest income		
Bank deposits	**152.3**	280.0
Listed financial assets at FVOCI	**0.8**	1.6
Listed financial assets at FVPL	**1.1**	0.9
Loans to associates and joint ventures	**44.8**	30.6
Others	**10.7**	10.1
	209.7	323.2
(b) Net realised and unrealised gains/(losses) on financial assets at FVPL and derivative financial instruments		
Listed securities	**(4.0)**	(21.0)
Unlisted securities	**31.6**	11.6
Exchange differences	**(1.1)**	(6.1)
	26.5	(15.5)
(c) Net realised and unrealised (losses)/gains on financial assets at FVOCI		
Listed securities	**0.4**	(7.9)
Exchange differences	**(0.5)**	0.3
	(0.1)	(7.6)
(d) Dividend income		
Listed financial assets at FVOCI	**44.3**	45.1
Unlisted financial assets at FVOCI	**65.4**	80.5
Listed financial assets at FVPL	**40.0**	48.0
	149.7	173.6
(e) Exchange gains/(losses)	**28.4**	(16.0)
	414.2	457.7

9 Interest expense

	2024 HK$'M	2023 HK$'M
Interest on bank and other loans wholly repayable within five years	1,339.1	1,424.6
Interest on guaranteed notes wholly repayable within five years	532.8	535.8
Interest on guaranteed notes not wholly repayable within five years	408.2	301.4
Interest on convertible bonds (note 32(b))	81.6	79.3
Interest on lease liabilities	20.7	28.0
	2,382.4	2,369.1
Less: amount capitalised	(125.3)	(154.5)
	2,257.1	2,214.6

The interest expense is capitalised at average rates from 2.89 per cent to 4.79 per cent (2023: 2.46 per cent to 4.79 per cent) per annum.

10 Profit before taxation

Profit before taxation is stated after charging and (crediting) the following:

	2024 HK$'M	2023 HK$'M
Cost of inventories sold	33,086.4	35,101.8
Depreciation and amortisation	3,567.9	3,541.8
Loss on disposal/write off of property, plant and equipment	67.3	69.3
Gain on disposal of right-of-use assets	—	(21.1)
Impairment loss of trade receivables (note 3(b))	75.6	56.6
Rental income from investment property		
— gross rental income	(67.3)	(67.5)
— outgoing expenses	26.5	27.7
Auditors' remuneration		
— audit services	49.0	48.0
— non-audit services	11.8	9.7
Net loss on residential maintenance (note)	110.3	95.4

Note

Analysis of net loss on residential maintenance:

	2024 HK$'M	2023 HK$'M
Residential maintenance revenue	(226.6)	(220.9)
Less expenses:		
Manpower costs	195.5	181.9
Other operating and administrative expenses	141.4	134.4
Net loss	110.3	95.4

11 Manpower costs

(a) Staff costs

	2024 HK$'M	2023 HK$'M
Salaries and wages	**3,512.4**	3,396.3
Pension costs — defined contribution retirement schemes	**511.0**	477.9
Pension costs — defined benefit retirement scheme (note 26)	**6.6**	5.1
	4,030.0	3,879.3

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2023: two) directors whose emoluments are reflected in the analysis shown in note 12. Details of the emoluments to the remaining two (2023: three) individuals during the year are as follows:

	2024 HK$'M	2023 HK$'M
Fee, salaries, allowances and benefits in kind	**7.0**	7.0
Performance bonus	**7.0**	10.1
Contributions to retirement scheme	**2.4**	1.7
Incentive payments	**6.1**	13.1
	22.5	31.9

Number of individuals whose emoluments fell within:

Emoluments band (HK$'M)	**2024**	2023
13.0 – 13.5	**1**	—
11.0 – 11.5	**—**	2
9.5 – 10.0	**1**	—
9.0 – 9.5	**—**	1

(c) Emoluments of senior management

Senior management for the years ended 31st December 2024 and 2023 were all executive directors of the Company whose emoluments have been shown in note 12.

12 Benefits and interests of directors

(a) Directors' emoluments

Name of director	Emoluments paid or payable to every director whether of the Company or its subsidiary undertaking					
	Fees HK$'M	Salary, allowances and benefits in kind HK$'M	Performance Bonus (note (v)) HK$'M	Contributions to retirement scheme HK$'M	Incentive payments (note (v)) HK$'M	Total HK$'M
2024						
Peter Wong Wai-yee (Managing Director) (note (i))	0.5	7.5	17.3	5.7	6.4	37.4
Edmund Yeung Lui-ming (note (i) and (ii))	0.3	6.4	5.9	1.9	1.8	16.3
Alan Chan Ying-lung (note (i) and (iii))	0.1	3.0	2.8	0.9	1.6	8.4
Colin Lam Ko-yin	0.3	0.2	–	–	–	0.5
Lee Ka-kit (note (i))	1.0	0.4	–	–	–	1.4
Lee Ka-shing	0.7	0.4	–	–	–	1.1
David Li Kwok-po	0.7	0.1	–	–	–	0.8
Poon Chung-kwong	0.7	–	–	–	–	0.7
Moses Cheng Mo-chi	0.7	–	–	–	–	0.7
Andrew Fung Hau-chung	0.3	–	–	–	–	0.3
Anna Wong Wai-kwan (note (iv))	0.4	–	–	–	–	0.4
	5.7	18.0	26.0	8.5	9.8	68.0

12 Benefits and interests of directors *(Continued)*

(a) Directors' emoluments *(Continued)*

Name of director	Fees HK$'M	Salary, allowances and benefits in kind HK$'M	Performance Bonus (note (v)) HK$'M	Contributions to retirement scheme HK$'M	Incentive payments (note (vi)) HK$'M	Total HK$'M
	Emoluments paid or payable to every director whether of the Company or its subsidiary undertaking					
2023						
Peter Wong Wai-yee (Managing Director) (note (i))	0.5	7.2	17.1	5.4	7.5	37.7
John Ho Hon-ming (note (i) and (ii))	0.5	6.3	4.3	2.3	3.7	17.1
Colin Lam Ko-yin	0.3	0.2	–	–	–	0.5
Lee Ka-kit (note (i))	1.0	0.5	–	–	–	1.5
Lee Ka-shing	0.7	0.5	–	–	–	1.2
David Li Kwok-po	0.7	0.1	–	–	–	0.8
Poon Chung-kwong	0.7	–	–	–	–	0.7
Moses Cheng Mo-chi	0.7	–	–	–	–	0.7
Andrew Fung Hau-chung	0.3	–	–	–	–	0.3
	5.4	14.8	21.4	7.7	11.2	60.5

Note

(i) The above emoluments included Mr. Peter Wong Wai-yee, Mr. Edmund Yeung Lui-ming, Mr. Alan Chan Ying-lung, Mr John Ho Hon-ming and Dr. Lee Ka-kit each received directors' emoluments from Towngas Smart Energy, a significant subsidiary of the Group, of approximately HK$15.2 million, HK$1.8 million, HK$1.6 million, Nil and HK$0.3 million (2023: HK$16.1 million, Nil, HK$3.8 million, HK$7.8 million and HK$0.3 million) respectively.

(ii) Mr. John Ho Hon-ming was retired and Mr. Yeung Lui-ming was appointed as Executive Director on 1st January 2024.

(iii) Mr. Alan Chan Ying-lung was appointed as Executive Director on 25th June 2024. For the period from 1st January to 24th June 2024, in the role of Chief Investment Officer, Mr. Alan Chan Ying-lung had a remuneration of HK$5.6 million from the Group, including salary, allowances and benefits in kind of HK$1.2 million, performance bonus of HK$2.7 million, contributions to retirement scheme of HK$0.1 million and incentive payments of HK$1.6 million.

(iv) Prof. Anna Wong Wai-kwan was appointed as Independent Non-executive Director on 25th June 2024.

(v) The performance bonus and incentive payments are determined by the Board from time to time with reference to directors' duties and responsibilities and the Group's performance and profitability. The incentive payments will be settled in the form of shares subsequent to the end of the reporting period.

(vi) The incentive payments for the year ended 31st December 2023 represented share-based payments of HK$11.2 million.

12 Benefits and interests of directors *(Continued)*

(a) Directors' emoluments *(Continued)*

The above remuneration paid to directors of the Company also represents the amount of short-term employee benefits of HK$49.7 million (2023: HK$41.6 million), post-employment benefits of HK$8.5 million (2023: HK$7.7 million) paid to the Group's key management personnel during the year ended 31st December 2024. There were no other long-term benefits and termination benefits paid to the Group's key management during the year (2023: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).

13 Taxation

The amount of taxation charged to the profit or loss represents:

	2024 HK$'M	2023 HK$'M
Current taxation — provision for Hong Kong Profits Tax at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year	822.1	753.8
Current taxation — provision for other jurisdictions income tax at the prevailing rates on the estimated assessable profits for the year (note)	814.1	1,034.5
Current taxation — over provision in prior years	(131.0)	(10.4)
Deferred taxation — origination and reversal of temporary differences	153.4	101.9
Withholding tax	70.6	123.3
	1,729.2	2,003.1

Note

The prevailing income tax rates of the Chinese mainland and Thailand range from 15 per cent to 25 per cent (2023: 15 per cent to 25 per cent) and 50 per cent (2023: 50 per cent) respectively.

Regarding the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"), as the Group is operating in jurisdictions where the Pillar Two legislation has not been enacted or substantially enacted, the Group is yet to apply the temporary exception from recognising and disclosing information about deferred tax assets and liabilities related to the Pillar Two legislation, as provided in the amendments to HKAS 12 issued in July 2023. Since the Pillar Two legislation was not effective at the end of the reporting period, the Group had no related current tax exposure at the end of the reporting period.

13 Taxation *(Continued)*

Under the Pillar Two legislation, the Group may be liable to pay a top-up tax for the difference between its Global Anti-Base Erosion Proposal ("GloBE") effective tax rate per jurisdiction and the 15% minimum rate. Based on a preliminary assessment performed by management and the information currently available, the Group does not expect to have material exposure related to the Pillar Two legislation arising in these jurisdictions. The Group would continue to assess its exposure to the Pillar Two legislation.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2024 HK$'M	2023 HK$'M
Profit before taxation	8,490.4	9,174.4
Less: Share of results of associates	(1,466.7)	(2,361.1)
Share of results of joint ventures	(613.5)	(565.7)
	6,410.2	6,247.6
Calculated at a tax rate of 16.5% (2023: 16.5%)	1,057.7	1,030.9
Effect of different tax rates in other jurisdictions	213.6	261.6
Income not subject to taxation	(150.6)	(211.8)
Expenses not deductible for taxation purposes	513.6	607.6
Utilisation of previously unrecognised tax losses	(13.7)	(24.2)
Over provision in prior years	(131.0)	(10.4)
Withholding tax	70.6	123.3
Unrecognised tax losses and others	169.0	226.1
	1,729.2	2,003.1

Share of associates' taxation for the year ended 31st December 2024 of HK$468.6 million (2023: HK$602.5 million) is included in the profit or loss as share of results of associates.

Share of joint ventures' taxation for the year ended 31st December 2024 of HK$267.2 million (2023: HK$277.6 million) is included in the profit or loss as share of results of joint ventures.

14 Dividends

	2024 HK$'M	2023 HK$'M
Interim, paid of HK12 cents per ordinary share (2023: HK12 cents per ordinary share)	2,239.2	2,239.2
Final, proposed of HK23 cents per ordinary share (2023: HK23 cents per ordinary share)	4,291.8	4,291.8
	6,531.0	6,531.0

At a meeting held on 19th March 2025, the directors of the Company declared a final dividend of HK23 cents per ordinary share for the year ended 31st December 2024. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ended 31st December 2024.

15 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK$5,711.5 million (2023: HK$6,070.1 million) and the weighted average of 18,659,870,098 shares (2023: 18,659,870,098 shares) in issue during the year. As there were no dilutive potential ordinary shares of the Company outstanding during the year, the weighted average number of shares used in calculating diluted earnings per share is the same as calculating basic earnings per share.

	2024 HK$'M	2023 HK$'M
Earnings		
Profit attributable to shareholders for the purpose of basic earnings per share	5,711.5	6,070.1
Effect of dilutive potential ordinary shares:		
Interests on convertible bonds, attributable to shareholders	55.8	53.3
Change in fair value of embedded derivative component of convertible bonds, attributable to shareholders	(51.7)	(68.3)
Reduction in share of subsidiaries' and an associate's profits	(107.7)	(162.1)
Profit attributable to shareholders for the purpose of diluted earnings per share	5,607.9	5,893.0

16 Property, plant and equipment

	Buildings, plant and equipment HK$'M	Mains and risers HK$'M	Meters and installations HK$'M	Oil properties HK$'M	Others HK$'M	Capital work in progress HK$'M	Total HK$'M
Cost							
At 1st January 2024	33,335.0	56,034.6	4,952.2	2,974.5	401.2	10,571.8	108,269.3
Additions	1,889.2	618.3	277.1	28.1	8.2	3,689.0	6,509.9
Transfer from right-of-use assets	85.2	–	–	–	–	–	85.2
Acquisition of subsidiaries	3.4	–	–	–	–	–	3.4
Disposal of subsidiaries	(1,849.6)	–	–	–	–	(38.3)	(1,887.9)
Transfers from capital work in progress	2,374.7	2,524.2	33.2	–	3.9	(4,936.0)	–
Disposals/write off	(340.6)	(32.8)	(53.5)	(3.6)	(0.2)	(57.3)	(488.0)
Exchange differences	(865.0)	(1,362.3)	(10.3)	(24.7)	(12.6)	(242.8)	(2,517.7)
At 31st December 2024	34,632.3	57,782.0	5,198.7	2,974.3	400.5	8,986.4	109,974.2
Accumulated depreciation and impairment losses							
At 1st January 2024	14,837.9	15,644.2	3,734.4	1,297.8	254.2	1,224.2	36,992.7
Charge for the year	1,453.4	1,592.8	275.9	35.8	10.9	–	3,368.8
Disposal of subsidiaries	(172.7)	–	–	–	–	–	(172.7)
Impairment	–	–	–	–	–	116.1	116.1
Disposals/write off	(261.2)	(8.1)	(42.9)	(0.5)	(0.2)	–	(312.9)
Exchange differences	(419.4)	(324.1)	(4.6)	(8.0)	(2.7)	(35.0)	(793.8)
At 31st December 2024	15,438.0	16,904.8	3,962.8	1,325.1	262.2	1,305.3	39,198.2
Net book value							
At 31st December 2024	19,194.3	40,877.2	1,235.9	1,649.2	138.3	7,681.1	70,776.0
At 31st December 2023	18,497.1	40,390.4	1,217.8	1,676.7	147.0	9,347.6	71,276.6

The additions to property, plant and equipment mainly included HK$955.9 million (2023: HK$973.3 million) and HK$5,437.6 million (2023: HK$7,091.9 million) in relation to gas, water, renewable energy and related businesses in Hong Kong and the Chinese mainland respectively. Remaining balance mainly included HK$61.9 million (2023: HK$279.8 million) in relation to Green Energy segment and HK$54.5 million (2023: HK$108.5 million) in other segments.

Property, plant and equipment is allocated to an individual cash-generating unit or a group of cash-generating units to which the property, plant and equipment belongs. The Group tests property, plant and equipment for impairment if there are indicators that it might be impaired. For the purpose of an impairment test, the recoverable amount of the cash-generating unit is determined based on either fair value less costs of disposal or value-in-use calculations. The key assumptions used in the impairment tests are set out in note 4(a).

16 Property, plant and equipment *(Continued)*

	Buildings, plant and equipment HK$'M	Mains and risers HK$'M	Meters and installations HK$'M	Oil properties HK$'M	Others HK$'M	Capital work in progress HK$'M	Total HK$'M
Cost							
At 1st January 2023	32,074.0	53,346.2	4,762.0	3,317.8	997.3	11,276.9	105,774.2
Additions	1,319.8	1,052.8	247.8	36.0	81.3	5,715.8	8,453.5
Transfer from right-of-use assets	281.8	–	–	–	–	–	281.8
Acquisition of subsidiaries (note 41(a))	1,903.7	10.3	–	–	–	80.7	1,994.7
Disposal of subsidiaries	(1,543.5)	(38.1)	–	–	(27.7)	(1,399.9)	(3,009.2)
Transfer to assets held-for-sales (note 43)	(1,570.6)	(272.3)	(0.5)	(399.3)	(610.4)	(51.9)	(2,905.0)
Transfers from capital work in progress	1,856.8	2,941.1	36.8	–	1.6	(4,836.3)	–
Disposals/write off	(329.0)	(13.0)	(87.1)	(5.4)	(14.0)	(10.7)	(459.2)
Exchange differences	(658.0)	(992.4)	(6.8)	25.4	(26.9)	(202.8)	(1,861.5)
At 31st December 2023	33,335.0	56,034.6	4,952.2	2,974.5	401.2	10,571.8	108,269.3
Accumulated depreciation and impairment losses							
At 1st January 2023	13,610.7	14,215.3	3,519.8	1,391.8	256.7	961.1	33,955.4
Charge for the year	1,476.6	1,514.1	285.8	35.9	19.1	–	3,331.5
Disposal of subsidiaries	(219.1)	(4.5)	–	–	(2.4)	–	(226.0)
Transfer to assets held-for-sales (note 43)	(1,152.2)	(63.7)	(0.2)	(266.2)	(82.4)	–	(1,564.7)
Impairment	1,585.2	211.6	–	129.5	84.0	297.5	2,307.8
Disposals/write off	(211.0)	(6.1)	(68.1)	(1.2)	(14.0)	–	(300.4)
Exchange differences	(252.3)	(222.5)	(2.9)	8.0	(6.8)	(34.4)	(510.9)
At 31st December 2023	14,837.9	15,644.2	3,734.4	1,297.8	254.2	1,224.2	36,992.7
Net book value							
At 31st December 2023	18,497.1	40,390.4	1,217.8	1,676.7	147.0	9,347.6	71,276.6
At 31st December 2022	18,463.3	39,130.9	1,242.2	1,926.0	740.6	10,315.8	71,818.8

17 Investment property

	2024 HK$'M	2023 HK$'M
At 1st January	**1,001.1**	996.5
Fair value (loss)/gain (note 7)	**(34.5)**	4.6
At 31st December	**966.6**	1,001.1

The Group's interest in the commercial investment property is located in Hong Kong under a land lease of over 50 years. The investment property was revalued at 31st December 2024 by an independent professionally qualified valuer, Knight Frank Petty Limited which conform to The HKIS Valuation Standards (2024 Edition) shown in note 2(f).

Fair value measurements using significant unobservable inputs

Fair value of completed commercial property in Hong Kong is generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuer's view of recent lettings, within the subject properties and other comparable properties.

Information about fair value measurements as at 31st December 2024 using significant unobservable inputs is as follows:

Unobservable inputs	Commercial complex	Car park	Relationship of unobservable inputs to fair value
Capitalisation rate	**5.45% (2023: 5.40%)**	**5.35% (2023: 5.40%)**	**The higher the capitalisation rate, the lower the fair value**
Monthly rent	**HK$18.5/sq.ft. (2023: HK$19.9/sq.ft.)**	**N/A**	**The higher the market rent, the higher the fair value**

Valuation processes of the Group

The Group's finance division includes a team that review and analyse the valuation performed by the independent valuer for financial reporting purposes. At each financial year end, the finance division:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared with the prior year valuation report;
- Holds discussions with the independent valuer.

18 Right-of-use assets

	Prepaid leasehold land HK$'M	Buildings, plant and equipment and others HK$'M	Total HK$'M
At 1st January 2024	**1,757.8**	**382.4**	**2,140.2**
Additions	**24.6**	**143.1**	**167.7**
Depreciation and amortisation	**(57.3)**	**(116.1)**	**(173.4)**
Disposals	**(8.8)**	**(11.4)**	**(20.2)**
Disposal of subsidiaries	**–**	**(24.7)**	**(24.7)**
Transfer to property, plant and equipment	**–**	**(85.2)**	**(85.2)**
Exchange differences	**(123.9)**	**(8.4)**	**(132.3)**
At 31st December 2024	**1,592.4**	**279.7**	**1,872.1**

	Prepaid leasehold land HK$'M	Buildings, plant and equipment and others HK$'M	Total HK$'M
At 1st January 2023	2,419.7	393.6	2,813.3
Additions	67.9	138.5	206.4
Acquisition of subsidiaries (note 41(a))	9.2	455.7	464.9
Depreciation and amortisation	(60.7)	(134.0)	(194.7)
Disposals	(44.7)	(10.8)	(55.5)
Disposal of subsidiaries	(211.0)	(146.7)	(357.7)
Transfer to assets held-for-sales (note 43)	(365.6)	(14.7)	(380.3)
Transfer to property, plant and equipment	–	(281.8)	(281.8)
Exchange differences	(57.0)	(17.4)	(74.4)
At 31st December 2023	1,757.8	382.4	2,140.2

The Group leases various land, office buildings and customer service centres. Rental contracts are made for a range of fixed periods with some of which have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Some leases contain variable payment terms that are linked to sales or net profits generated. Variable lease payments that depend on sales or net profits are recognised in the profit or loss in the period in which the condition that triggers those payments occurs. Most leases are subject to fixed payments.

18 Right-of-use assets *(Continued)*

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. There are minimal lease contracts with extension or termination options.

19 Intangible assets

		2024 HK$'M	2023 HK$'M
(a)	**Goodwill**		
	At 1st January	4,035.9	4,880.9
	Acquisition of subsidiaries	48.9	67.7
	Transfer to assets held-for-sale (note 43)	—	(232.1)
	Impairment	(30.8)	(576.3)
	Exchange differences	(27.5)	(104.3)
	At 31st December	4,026.5	4,035.9
(b)	**Other intangible assets**		
	Cost		
	At 1st January	633.5	643.2
	Exchange differences	(19.8)	(9.7)
	At 31st December	613.7	633.5
	Accumulated amortisation and impairment loss		
	At 1st January	(206.2)	(183.9)
	Amortisation	(22.5)	(23.0)
	Impairment	(31.4)	—
	Exchange differences	7.9	0.7
	At 31st December	(252.2)	(206.2)
	Net book value		
	At 31st December	361.5	427.3
	Total intangible assets	4,388.0	4,463.2

19 Intangible assets *(Continued)*

Goodwill is allocated to an individual cash-generating unit and a group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, majority related to segment — gas, water, renewable energy and related businesses in the Chinese mainland. The Group tests goodwill annually for impairment, or more frequently if there are indications that it might be impaired. For the purpose of impairment test, the recoverable amount of the cash-generating units is determined based on either fair value less costs of disposal or value-in-use calculations. The key assumptions used in the value-in-use calculation as at 31st December 2024 are summarised below.

- The average revenue growth rate for the first five forecast years is approximately 5 per cent;
- the annual revenue growth rate subsequent to 31st December 2029 is approximately 3 per cent; and
- the pre-tax discount rate applied to the cash flow projection is 7.8 per cent.

For the value-in-use calculation, assuming (i) the average revenue growth rate for the first five forecast years decreased by 50 basis points; (ii) the annual revenue growth rate subsequent to 31st December 2029 decreased by 50 basis points; or (iii) the discount rate increased by 50 basis points, with all other variables held constant, the recoverable amount calculated would not result in a material impairment loss to the Group.

Management also assesses the fair value less costs of disposal in relation to the investments in certain subsidiaries by referencing to their market values as at the end of the reporting period. Impairment provision on goodwill of HK$30.8 million (2023: HK$576.3 million) was recognised for the year ended 31st December 2024.

20 Subsidiaries

Material non-controlling interests

The total non-controlling interest as at 31st December 2024 is HK$10,943.1 million (2023: HK$11,165.9 million) of which HK$8,236.8 million (2023: HK$8,756.2 million) is attributable to Towngas Smart Energy and the non-controlling interests in respect of other individual subsidiaries of the Group is not material.

Set out below are the summarised financial information of Towngas Smart Energy. The information below is the amount before inter-company eliminations.

Summarised statement of financial position	2024 HK$'M	2023 HK$'M (restated)
Assets		
Non-current assets	43,491.0	43,826.9
Current assets	9,013.7	8,273.2
	52,504.7	52,100.1
Liabilities		
Non-current liabilities	(15,440.6)	(12,729.7)
Current liabilities	(11,641.5)	(15,474.3)
	(27,082.1)	(28,204.0)
Net assets	25,422.6	23,896.1

20 Subsidiaries *(Continued)*

Material non-controlling interests *(Continued)*

Summarised income statement and comprehensive income statement	2024 HK$'M	2023 HK$'M
Revenue	**21,314.0**	19,841.5
Profit before taxation	**2,190.0**	2,135.0
Taxation	**(393.5)**	(323.7)
Profit for the year	**1,796.5**	1,811.3
Other comprehensive loss	**(860.3)**	(180.6)
Total comprehensive income	**936.2**	1,630.7
Total comprehensive income attributable to non-controlling interests	**393.6**	666.4
Dividend paid to non-controlling shareholders	**343.7**	349.7

Summarised cash flows statement	2024 HK$'M	2023 HK$'M
Net cash generated from operating activities	**2,352.7**	1,300.7
Net cash (used in)/generated from investing activities	**(2,767.0)**	636.0
Net cash used in financing activities	**(862.8)**	(1,746.3)
Net (decrease)/increase in cash and cash equivalents	**(1,277.1)**	190.4
Cash and cash equivalents at beginning of year	**4,083.9**	4,000.7
Effect of foreign exchange rate changes	**(106.8)**	(107.2)
Cash and cash equivalents at end of year	**2,700.0**	4,083.9

21 Associates

	2024 HK$'M	2023 HK$'M
Investments in associates, including goodwill	36,002.7	35,926.5
Loans to associates — non-current	72.0	137.6
	36,074.7	36,064.1
Loan and other receivables from associates — current	1,191.5	752.3
Loan and other payables to associates — current	(261.5)	(72.2)
Fair value of listed investments	13,640.2	10,367.4

As at 31st December 2024, the Group's investments in associates, including goodwill in relation to the Chinese mainland's gas, water, renewable energy and related businesses, Green Energy, Property and other segments amounted to HK$14,883.4 million, HK$5,794.9 million, HK$15,316.5 million and HK$7.9 million respectively (2023: HK$14,404.8 million, HK$6,247.8 million, HK$15,228.0 million and HK$45.9 million respectively).

Loan and other receivables from associates are analysed below:

(i) Loans to associates in the Chinese mainland of HK$834.2 million (2023: HK$763.1 million) with interest rates ranging from 3.10 per cent to 4.83 per cent per annum (2023: 3.70 per cent to 4.90 per cent per annum) are unsecured and fully repayable during the period from 2025 to 2029 (2023: 2024 to 2025).

(ii) The remaining balances are unsecured, interest free and have no fixed terms of repayment.

(iii) During the year ended 31st December 2024, loss allowance of HK$79.5 million (2023: HK$44.2 million) was recognised.

(iv) Loan and other receivables are denominated in the following currencies:

	2024 HK$'M	2023 HK$'M
RMB	805.1	348.3
USD	457.0	540.2
HKD	1.4	1.4
	1,263.5	889.9

21 Associates *(Continued)*

Loan and other payables to associates are analysed below:

(i) As at 31st December 2024, loans from associates of HK$217.6 million (2023: HK$52.7 million) with interest rates ranging from 1.20 per cent to 1.80 per cent per annum (2023: 1.80 per cent to 2.15 per cent per annum) are unsecured and have no fixed terms of repayment.

(ii) The remaining balances are unsecured, interest free and have no fixed terms of repayment.

(iii) Loan and other payables to associates are denominated in the following currencies:

	2024 HK$'M	2023 HK$'M
RMB	261.5	72.1
HKD	–	0.1
	261.5	72.2

21 Associates *(Continued)*

Particulars of the principal associates as at 31st December 2024 are listed below:

Name	Note	Issued share capital/ Registered capital	Percentage of the Group's equity interest	Place of incorporation/ operation	Principal activity
China-Singapore Suzhou Industrial Park Broad Energy Services Co., Ltd.		RMB71.1 million	25	PRC	Cooling and heating system business
^Shenzhen Gas Corporation Ltd.		RMB2,876.7 million	26.5	PRC	Gas sales and related businesses
潮州深能港華燃氣有限公司	(i)	RMB860.6 million	36.5	PRC	Gas sales and related businesses
海南昆侖港華燃氣有限公司		RMB50.4 million	49	PRC	Gas sales and related businesses
港華儲氣有限公司		RMB200.0 million	39	PRC	Gas storage project
Central Waterfront Property Investment Holdings Limited	(ii)	US$100	15.8	British Virgin Islands	Investment Holding
EcoCeres, Inc.	(iii)	US$29,009.1	43.1	Cayman Islands	Investment Holding
蘇州工業園區蘇相合作區市政公用發展有限公司		RMB50.0 million	49	PRC	Investment Holding; management of municipal facilities
河北金建佳天然氣有限公司		RMB90.0 million	20	PRC	LNG receiving terminal; pier
江蘇海企港華燃氣股份有限公司		RMB204.0 million	35	PRC	LNG refilling station for vessels
Hangzhou Natural Gas Company Limited		RMB1,195.0 million	32	PRC	Mid-stream natural gas and piped city-gas project
^Anhui Province Natural Gas Development Co., Ltd.	(iv)	RMB490.5 million	19.8	PRC	Mid-stream natural gas project

^ A listed company on the Shanghai Stock Exchange

Notes

(i) In November 2023, the Group entered into an agreement with an independent third party, and contributed the initial registered capital by cash and the additional capital by equity interest held in two subsidiaries to 潮州深能港華燃氣有限公司, the newly set up associate. In March 2024, the transfer has been completed.

(ii) The Group has an effective interest of approximately 15.8 per cent in the IFC complex through its interest in Central Waterfront Property Investment Holdings Limited ("CWPI"). With the Group's presence on the board of directors of CWPI and participation in the financial and operating policies of the IFC complex, the Group could exercise significant influence over CWPI and accordingly the investment is accounted for as an associate.

(iii) 43.1% represents the Group's effective interest and voting right in EcoCeres, Inc. As the Group could only exercise significant influence over EcoCeres, Inc. and accordingly the investment is accounted for as an associate.

(iv) The Group has an effective interest of approximately 19.8 per cent of Anhui Province Natural Gas Development Co., Ltd. ("AHNG"). With the Group's presence on the board of directors of AHNG and participation in the financial and operating policies, the Group could exercise significant influence over AHNG and accordingly the investment is accounted for as an associate.

21 Associates *(Continued)*

Particulars of the principal associates as at 31st December 2024 are listed below: (Continued)

Name	Issued share capital/ Registered capital	Percentage of the Group's equity interest	Place of incorporation/ operation	Principal activity
Hebei Natural Gas Company Limited	RMB1,900.0 million	43	PRC	Mid-stream natural gas project
河南省中原石油天然氣管網有限公司	RMB60.0 million	49	PRC	Mid-stream natural gas project
泰州城投天然氣有限公司	RMB150.0 million	47.6	PRC	Natural gas pipeline project
Towngas DETA Telecom (Dalian) Co., Ltd.	RMB10.0 million	49	PRC	Telecommunications business
深圳市互通聯寬帶網絡有限公司	RMB40.0 million	30	PRC	Telecommunications business
中經名氣網絡技術(北京)有限公司	RMB10.0 million	49	PRC	Telecommunications business
道勝環境產業有限公司	RMB1,273.5 million	49	PRC	Waste treatment project
#佛山水務環保股份有限公司	RMB831.8 million	26.7	PRC	Water project
常州港華智慧能源有限公司	RMB201.0 million	28.1	PRC	Zero-carbon smart industrial park project
Held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly.				
^*Changchun Gas Co., Ltd.*	*RMB609.0 million*	*28.2*	*PRC*	*Gas sales and related businesses*
Ω*Foran Energy Group Co., Ltd.*	*RMB945.2 million*	*36.6*	*PRC*	*Gas sales and related businesses*
四川能投分布式能源有限公司	*RMB512.6 million*	*24.4*	*PRC*	*Distributed energy systems businesses*

\# Direct associate of the Company

^ A listed company on the Shanghai Stock Exchange

Ω A listed company on the Shenzhen Stock Exchange

21 Associates *(Continued)*

The following amounts represent the Group's share of income and results of the associates and are included in the consolidated income statement and statement of comprehensive income:

	2024 HK$'M	2023 HK$'M
Income	**39,915.5**	40,484.3
Expenses, including taxation	**(38,448.8)**	(38,123.2)
Profit after taxation	**1,466.7**	2,361.1
Other comprehensive income	**84.0**	3.3
Total comprehensive income	**1,550.7**	2,364.4

Set out below are the summarised financial information of CWPI which is considered to be the only associate individually material to the Group and it is accounted for using the equity method. CWPI holds IFC complex as the commercial investment property for rental income in Hong Kong.

	CWPI	
Summarised statement of financial position	**2024 HK$'M**	2023 HK$'M
Assets		
Non-current assets	**116,910.0**	116,509.2
Current assets	**674.5**	563.1
	117,584.5	117,072.3
Liabilities		
Non-current liabilities	**(18,813.6)**	(18,766.9)
Current liabilities	**(1,770.6)**	(1,866.0)
	(20,584.2)	(20,632.9)
Net assets	**97,000.3**	96,439.4

21 Associates *(Continued)*

Summarised income statement and statement of comprehensive income	CWPI 2024 HK$'M	CWPI 2023 HK$'M
Income	5,641.0	8,533.9
Expenses, including taxation	(3,009.5)	(2,969.3)
Profit after taxation	2,631.5	5,564.6
Other comprehensive income/(loss)	9.2	(107.8)
Total comprehensive income	2,640.7	5,456.8
Share of total comprehensive income (15.79%)	417.0	861.6
Dividend received from the associate	328.4	404.2

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associate:

	CWPI 2024 HK$'M	CWPI 2023 HK$'M
Net assets		
At 1st January	96,439.4	93,542.6
Profit for the year	2,631.5	5,564.6
Other comprehensive income/(loss)	9.2	(107.8)
Dividend paid	(2,079.8)	(2,560.0)
At 31st December	97,000.3	96,439.4

	2024 HK$'M	2023 HK$'M
Carrying value		
Interest in an associate (15.79%)	15,316.4	15,227.8

22 Joint ventures

	2024 HK$'M	2023 HK$'M
Investments in joint ventures, including goodwill	**10,612.1**	10,884.1
Loan and other receivables from joint ventures — current	**494.7**	510.9
Loan from a joint venture — non-current	**(127.1)**	(110.0)
Loan and other payables to joint ventures — current	**(473.4)**	(629.7)

As at 31st December 2024, the Group's investments in joint ventures, including goodwill in relation to the Chinese mainland's gas, water, renewable energy and related businesses and property segments amounted to HK$10,608.7 million and HK$3.4 million respectively (2023: Chinese mainland's gas, water, renewable energy and related business, Green Energy and property segments amounted to HK$10,864.7 million, HK$14.9 million and HK$4.5 million respectively).

Loan and other receivables from joint ventures are analysed below:

(i) Loans to joint ventures in the Chinese mainland of HK$37.5 million (2023: HK$16.1 million) with interest rate at 3.10 per cent to 3.70 per cent per annum (2023: 3.70 per cent per annum) are unsecured and fully repayable in 2025 (2023: 2024).

(ii) Loan to joint ventures in Hong Kong of HK$115.0 million (2023: HK$111.3 million) are unsecured, interest free and have no fixed terms of repayment.

(iii) The remaining balances are unsecured, interest free and have no fixed terms of repayment.

(iv) Loan and other receivables from joint ventures are considered to have low credit risk and the loss allowance recognised during the year was therefore limited to 12-month expected credit loss.

(v) Loans and other receivables are denominated in the following currencies:

	2024 HK$'M	2023 HK$'M
RMB	**379.7**	399.6
HKD	**115.0**	111.3
	494.7	510.9

22 Joint ventures *(Continued)*

Loan and other payables to joint ventures are analysed below:

(i) Loan from a joint venture of HK$127.1 million (2023: HK$110.0 million) with interest rate of 3.00 per cent per annum (2023: 3.25 per cent per annum) is unsecured and fully repayable in 2027 (2023: 2025).

(ii) Loans from joint ventures of HK$462.3 million (2023: HK$472.8 million) with interest rate at 1.20 per cent per annum (2023: 1.80 per annum) are unsecured and have no fixed terms of repayment.

(iii) The remaining balances are unsecured, interest free and have no fixed terms of repayment.

(iv) Loan and other payables to joint ventures are denominated in RMB.

22 Joint ventures *(Continued)*

Particulars of the principal joint ventures as at 31st December 2024 are listed below:

Name	Note	Issued share capital/ Registered capital	Percentage of the Group's equity interest	Place of incorporation/ operation	Principal activity
Hua Yan Environmental Industry Development (Suzhou) Co., Ltd.	(i)	RMB75.0 million	55	PRC	Food and green waste treatment project
#Beijing Beiran & HKCG Gas Company Limited		RMB44.4 million	49	PRC	Gas sales and related businesses
Changzhou Hong Kong and China Gas Company Limited		RMB300.0 million	50	PRC	Gas sales and related businesses
Nanjing Hong Kong and China Gas Company Limited		RMB700.0 million	49	PRC	Gas sales and related businesses
Suzhou Hong Kong and China Gas Co., Ltd.	(i)	RMB200.0 million	55	PRC	Gas sales and related businesses
#Tongling Hong Kong and China Gas Company Limited	(i)	RMB170.0 million	70	PRC	Gas sales and related businesses
#Xian Qinhua Gas Group Company Limited		RMB1,000.0 million	49	PRC	Gas sales and related businesses
Zhangjiagang Hong Kong and China Gas Company Limited		RMB100.0 million	50	PRC	Gas sales and related businesses
山東港華燃氣集團有限公司		RMB700.0 million	49	PRC	Gas sales and related businesses
武漢市燃氣集團有限公司		RMB420.0 million	49	PRC	Gas sales and related businesses
Jilin Province Natural Gas Limited Company		RMB220.0 million	49	PRC	Mid-stream natural gas project
江蘇港華交通科技有限公司		RMB50.0 million	50	PRC	New energy vehicle charging service
Yieldway International Limited		HK$2	50	Hong Kong	Property development
Ying Tong TGT Network Services (Shenzhen) Co. Ltd.		RMB100.0 million	49	PRC	Telecommunications business
Suzhou Industrial Park Qingyuan Hong Kong & China Water Co., Ltd.		RMB1,200.0 million	50	PRC	Water supply and sewage treatment

Direct joint ventures of the Company

Note

(i) The Group can only exercise joint control over the board of directors in the joint ventures.

22 Joint ventures *(Continued)*

Particulars of the principal joint ventures as at 31st December 2024 are listed below: (Continued)

Name	Issued share capital/ Registered capital	Percentage of the Group's equity interest	Place of incorporation/ operation	Principal activity
Held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly.				
Anqing Hong Kong and China Gas Company Limited	*RMB73.0 million*	*50*	*PRC*	*Gas sales and related businesses*
Hangzhou Hong Kong and China Gas Company Limited	*US$20.0 million*	*50*	*PRC*	*Gas sales and related businesses*
Maanshan Hong Kong and China Gas Company Limited	*US$13.0 million*	*50*	*PRC*	*Gas sales and related businesses*
Taian Taishan Hong Kong and China Gas Company Limited	*RMB150.0 million*	*49*	*PRC*	*Gas sales and related businesses*
Weifang Hong Kong and China Gas Company Limited	*RMB400.0 million*	*50*	*PRC*	*Gas sales and related businesses*
Weihai Hong Kong and China Gas Company Limited	*RMB99.2 million*	*50*	*PRC*	*Gas sales and related businesses*
Wuhu Hong Kong and China Gas Company Limited	*RMB52.8 million*	*50*	*PRC*	*Gas sales and related businesses*
Zibo Hong Kong and China Gas Company Limited	*RMB100.0 million*	*50*	*PRC*	*Gas sales and related businesses*

The following amounts represent the Group's share of income and results of the joint ventures and are included in the consolidated income statement and statement of comprehensive income:

	2024 HK$'M	2023 HK$'M
Income	**16,151.7**	19,752.8
Expenses, including taxation	**(15,538.2)**	(19,187.1)
Profit after taxation and total comprehensive income	**613.5**	565.7

No individual joint ventures are considered to be material to the Group.

23 Financial assets at fair value through other comprehensive income

	2024 HK$'M	2023 HK$'M
Debt securities (note (a))	16.3	60.9
Equity securities (note (b))	1,675.7	1,769.6
	1,692.0	1,830.5

Notes

		2024 HK$'M	2023 HK$'M
(a)	Debt securities		
	Listed — Hong Kong	—	13.7
	Listed — outside Hong Kong	16.3	47.2
		16.3	60.9

		2024 HK$'M	2023 HK$'M
(b)	Equity securities		
	Listed — Hong Kong	127.9	84.3
	Listed — outside Hong Kong	1,180.6	1,267.1
	Unlisted	367.2	418.2
		1,675.7	1,769.6

Included in the equity securities, it comprises HK$22.2 million (2023: HK$45.6 million) of perpetual bonds and HK$1,653.5 million (2023: HK$1,724.0 million) of investments that are mainly engaged in the provision of natural gas and related services and gas pipeline construction services. These are strategic investments and the Group considers the classification of FVOCI to be more relevant.

Financial assets at FVOCI are denominated in the following currencies:

	2024 HK$'M	2023 HK$'M
RMB	1,536.7	1,655.9
HKD	116.9	43.1
USD	38.4	131.5
	1,692.0	1,830.5

24 Financial assets at fair value through profit or loss

	2024 HK$'M	2023 HK$'M
Debt securities — non-current (note (a))	44.5	263.1
Equity securities (note (b))		
— Current	1,330.0	1,374.8
— Non-current	1,391.8	1,443.4
	2,766.3	3,081.3

Notes

		2024 HK$'M	2023 HK$'M
(a)	Debt securities		
	Listed — outside Hong Kong	44.5	263.1

		2024 HK$'M	2023 HK$'M
(b)	Equity securities		
	Listed — outside Hong Kong	1,102.6	1,145.2
	Unlisted	1,619.2	1,673.0
		2,721.8	2,818.2

Included in the unlisted equity securities, it comprises HK$1,330.0 million (2023: HK$1,374.8 million) of investment in certain equity interest of a company which owned a coking coal mine and related coke production and coke-gas conversion facility in the Chinese mainland. No fair value loss was recognised during the year ended 31st December 2024 (2023: fair value loss of HK$1,492.2 million).

Financial assets at FVPL are denominated in the following currencies:

	2024 HK$'M	2023 HK$'M
RMB	2,743.2	3,058.2
HKD	12.0	12.0
USD	11.1	11.1
	2,766.3	3,081.3

25 Derivative financial instruments

	2024		2023	
	Assets HK$'M	Liabilities HK$'M	Assets HK$'M	Liabilities HK$'M (restated)
Non-current				
Cross currency swap and interest rate swap contracts — cash flow hedges	115.9	(65.4)	70.6	(49.1)
Cross currency swap contracts — held-for-trading	—	(0.1)	—	—
Foreign currency forward contracts — held-for-trading	—	(21.7)	3.1	—
Interest rate swap contracts — held-for-trading	4.4	—	2.9	(27.2)
	120.3	(87.2)	76.6	(76.3)
Current				
Cross currency swap and interest rate swap contracts — cash flow hedges	—	(53.9)	15.0	(23.3)
Cross currency swap contracts — held for trading	—	—	—	(7.4)
Foreign currency forward contracts — held-for-trading	0.2	—	3.4	—
Interest rate swap contracts — held for trading	0.8	(9.0)	—	(6.9)
Convertible bonds — embedded derivative component (note 32(b))	—	(17.3)	—	(94.5)
	1.0	(80.2)	18.4	(132.1)

The fair value of hedging derivatives is classified as current assets or liabilities when the remaining maturity of the hedged item is less than 12 months.

The full fair values of hedging derivatives are classified as non-current assets or liabilities when the remaining maturity of the hedged items is more than 12 months.

25 Derivative financial instruments *(Continued)*

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The ineffective portion recognised in the profit or loss that arises from cash flow hedges amounted to a loss of HK$2.0 million (2023: HK$0.2 million) (note 7).

The major terms of the outstanding derivative contracts held for hedging as at 31st December 2024 are as follows:

Notional amount	Maturity	Forward contract rate
Cross currency swap and interest rate swap contracts — cash flow hedges		
RMB1,000 million	**2025 — 2026**	**HKD1 to RMB0.8144 — RMB0.8661**
USD200 million	**2027**	**USD1 to RMB6.3760 — RMB6.3885**
AUD25 million	**2025**	**AUD1 to HKD5.42**
JPY2 billion	**2027**	**JPY100 to HKD6.877**

Gains and losses recognised in the hedging reserve in equity (note 36) on the swaps as of 31st December 2024 will be continuously released to the profit or loss until the repayment of relevant borrowings.

26 Retirement benefit assets

	2024 HK$'M	2023 HK$'M
At 31st December	**127.9**	105.4

The Group operates a defined benefit retirement scheme in Hong Kong, namely the Workmen Retirement Scheme which is a final salary defined benefit scheme.

26 Retirement benefit assets *(Continued)*

The amounts recognised in the consolidated statement of financial position are shown as follows:

	2024 HK$'M	2023 HK$'M
Fair value of plan assets	569.7	569.6
Present value of funded obligations	(441.8)	(464.2)
Net assets in the consolidated statement of financial position	127.9	105.4

The plan assets did not include any shares of the Company as at 31st December 2024 (2023: Nil).

The cost of the defined benefit retirement scheme recognised in the consolidated income statement is as follows:

	2024 HK$'M	2023 HK$'M
Current service cost	9.9	10.2
Net interest income	(3.3)	(5.1)
Total (note 11)	6.6	5.1

The amounts recognised in the other comprehensive income are as follows:

	2024 HK$'M	2023 HK$'M
Actuarial loss due to liability experience	3.4	7.7
Actuarial (gain)/loss due to financial assumption changes	(18.9)	26.9
Actuarial (gain)/loss	(15.5)	34.6
Return on plan assets, excluding amounts included in interest income	(10.4)	(6.8)
Total	(25.9)	27.8

26 Retirement benefit assets *(Continued)*

The movements in the defined benefit obligations are as follows:

	2024 HK$'M	2023 HK$'M
At 1st January	464.2	442.7
Current service cost	9.9	10.2
Interest cost	13.2	15.6
Benefits paid	(30.0)	(38.9)
Actuarial (gain)/loss	(15.5)	34.6
At 31st December	441.8	464.2

The movements in the fair value of plan assets are as follows:

	2024 HK$'M	2023 HK$'M
At 1st January	569.6	577.4
Return on plan assets, excluding amounts included in interest income	10.4	6.8
Interest income recognised in consolidated income statement	16.5	20.7
Contribution paid by employer	3.2	3.6
Benefits paid	(30.0)	(38.9)
At 31st December	569.7	569.6

The movements in the assets recognised in the consolidated statement of financial position are as follows:

	2024 HK$'M	2023 HK$'M
At 1st January	105.4	134.7
Remeasurement effects recognised in other comprehensive income	25.9	(27.8)
Total cost of defined benefit retirement scheme (note 11)	(6.6)	(5.1)
Contribution paid by employer	3.2	3.6
At 31st December	127.9	105.4

26 Retirement benefit assets *(Continued)*

The major categories of plan assets as a percentage of total plan assets are as follows:

	2024 %	2023 %
Equity securities	**74.5**	68.8
Debt securities	**23.5**	29.0
Cash	**2.0**	2.2

The principal actuarial assumptions used are as follows:

	2024 %	2023 %
Discount rate	**3.6**	3.0
Expected rate of future salary increases	**4.0**	4.0

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligations		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	**0.25%**	**Decrease by 1.7%**	**Increase by 1.8%**
Salary increase rate	**0.25%**	**Increase by 0.5%**	**Decrease by 0.6%**
Maximum salary scale increase rate	**0.25%**	**Increase by 1.2%**	**Decrease by 1.3%**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Expected contributions to the scheme for the year ending 31st December 2025 are HK$3.2 million.

26 Retirement benefit assets *(Continued)*

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Investment risk	Strong investment returns tend to increase the fair value of scheme assets and therefore improve the scheme's financial position as measured by the net defined benefit asset/liability, whilst poor or negative investment returns tend to weaken the position. The scheme assets are invested in a diversified portfolio of equities, bonds and cash, covering major geographical locations around the world. The diversification of asset classes and geographical locations helps to reduce the concentration of risk associated with the scheme investments.
Interest rate risk	The defined benefit obligation is calculated using a discount rate based on market bond yields. A decrease in the bond yields will increase the defined benefit obligation.
Salary risk	The defined benefit obligation is calculated with reference to the future salaries of members because the scheme's benefits are salary-related. Salary increases that are higher than expected will increase the defined benefit obligation.

The weighted average duration of the benefit obligation is 7.3 years. Expected maturity analysis of benefit undiscounted payments:

	Within 5 years HK$'M	**Beyond 5 years but within 10 years HK$'M**	**Beyond 10 years HK$'M**
As 31st December 2024			
Expected benefit payments	**175.1**	**216.5**	**280.3**

27 Other non-current assets

	2024 HK$'M	2023 HK$'M
Aviation fuel facility construction receivable (note (a))	**3,925.9**	3,778.6
Other receivables and prepayments (note (b))	**1,893.8**	1,908.2
Restricted bank deposits (note (c))	**37.1**	108.7
Loan from a non-controlling shareholder	**5.2**	—
	5,862.0	5,795.5

Notes

(a) Aviation fuel facility construction receivable is denominated in HKD, unsecured and will be recovered by monthly instalments up to 2047.

(b) The balance includes prepayments of HK$1,848.2 million (2023: HK$1,859.0 million) for the right to use two storage tanks at the liquefied natural gas receiving terminal in Tangshan city for a contract term of 50 years, and the remaining balance mainly represents prepayments for inventory and capital expenditures to suppliers.

(c) The balance represents deposits placed in a bank for backing of operation at an energy trading platform and litigation claim received that is restricted for use until certain conditions were fulfilled.

28 Inventories

	2024 HK$'M	2023 HK$'M
Stores and materials	**2,208.2**	1,793.2
Work in progress	**586.4**	773.8
	2,794.6	2,567.0

The Group wrote down the carrying value of inventories by HK$11.2 million (2023: HK$18.5 million) to its net realisable value during the year ended 31st December 2024.

29 Trade and other receivables

	2024 HK$'M	2023 HK$'M
Trade receivables (note (a))	**5,130.4**	4,590.6
Payments in advance (note (b))	**1,715.7**	1,801.8
Other receivables	**4,628.8**	3,532.2
	11,474.9	9,924.6

Notes

(a) The Group has established credit policies for different types of customers. The credit periods offered for trade receivables, which are subject to periodic review by management, range from 30 to 60 days except for gas receivables of the Company which are due by 8 working days after billing date. The aging analysis of the trade receivables, net of impairment provision, is as follows:

	2024 HK$'M	2023 HK$'M
0 – 30 days	**4,417.0**	3,880.4
31 – 60 days	**82.2**	120.8
61 – 90 days	**75.4**	139.3
Over 90 days	**555.8**	450.1
	5,130.4	4,590.6

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit loss allowance for trade receivables. Note 3(b) provides for details about the calculation of the allowance.

The loss allowance further increased from HK$320.9 million to HK$378.4 million (note 3(b)) during the year.

(b) Balance mainly represents prepayment for purchase of materials and services in relation to the Group's gas, water, renewable energy and Green Energy businesses in Hong Kong and the Chinese mainland.

Trade and other receivables are denominated in the following currencies:

	2024 HK$'M	2023 HK$'M
RMB	**7,315.4**	6,805.9
HKD	**4,141.3**	3,096.0
USD	**11.7**	16.4
Others	**6.5**	6.3
	11,474.9	9,924.6

30 Time deposits, cash and bank balances

	2024 HK$'M	2023 HK$'M
Time deposits over three months	**89.1**	66.0
Time deposits up to three months	**499.9**	1,591.8
Cash and bank balances	**5,771.6**	7,380.3
	6,271.5	8,972.1

The average effective interest rates on time deposits in Hong Kong and the Chinese mainland are 4.27 per cent and 2.41 per cent per annum respectively (2023: 5.64 per cent and 1.53 per cent per annum respectively). These deposits have average maturity dates within 80 days (2023: 69 days).

Time deposits, cash and bank balances are denominated in the following currencies:

	2024 HK$'M	2023 HK$'M
RMB	**5,454.7**	7,606.4
USD	**331.3**	891.8
HKD	**526.2**	490.4
THB	**34.9**	35.8
Others	**13.5**	13.7
	6,360.6	9,038.1

The conversion of Renminbi denominated balances into foreign currencies and the remittance of foreign currencies denominated bank balances and cash out of the Chinese mainland are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

31 Trade payables and other liabilities

	2024 HK$'M	2023 HK$'M
Trade payables (note (a))	4,938.9	4,806.1
Other payables and accruals (note (b))	7,191.3	6,275.5
Contract liabilities (note (c))	8,512.6	8,719.2
Lease liabilities (note (d))	108.0	126.0
	20,750.8	19,926.8

Notes

(a) The aging analysis of the trade payables is as follows:

	2024 HK$'M	2023 HK$'M
0 – 30 days	1,648.8	1,698.8
31 – 60 days	638.4	738.0
61 – 90 days	786.1	722.1
Over 90 days	1,865.6	1,647.2
	4,938.9	4,806.1

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

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

The following table shows the amount of the revenue recognised in the current reporting period relates to contract liability balance at the beginning of the year:

	2024 HK$'M	2023 HK$'M
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	5,783.9	5,802.0

(d) As at 31st December 2024, the weighted average incremental borrowing rate applied to the lease liabilities were 3.0 per cent (2023: 3.0 per cent) for leases in Hong Kong and 5.0 per cent (2023: 5.0 per cent) for leases in the Chinese mainland.

(e) As at 31st December 2024, the amount of unsatisfied performance obligations expected to be recognised within one year and after one year are HK$3,317.2 million (2023: HK$3,880.4 million) and HK$3,983.4 million (2023: HK$3,975.2 million) respectively.

31 Trade payables and other liabilities *(Continued)*

Trade payables and other liabilities are denominated in the following currencies:

	2024 HK$'M	2023 HK$'M
RMB	17,451.5	17,116.8
HKD	3,016.7	2,516.5
USD	262.6	278.2
Others	20.0	15.3
	20,750.8	19,926.8

32 Borrowings

	2024 HK$'M	2023 HK$'M (restated)
Non-current		
Bank and other loans	20,344.2	18,784.2
Guaranteed notes (note (a))	23,616.8	20,073.9
	43,961.0	38,858.1
Current		
Bank and other loans	8,713.1	9,379.5
Guaranteed notes (note (a))	2,898.5	5,329.9
Convertible bonds (note (b))	1,849.6	1,857.8
Redeemable perpetual securities (note (c))	–	2,343.6
	13,461.2	18,910.8
Total borrowings	57,422.2	57,768.9

32 Borrowings *(Continued)*

Notes

(a) Guaranteed notes

As at 31st December 2024, HK$20,980.5 million, USD200.0 million, RMB3,170.0 million, AUD25.0 million and JPY2,000.0 million (2023: HK$19,310.5 million, USD200.0 million, RMB2,500.0 million, AUD25.0 million and JPY2,000.0 million) guaranteed notes were issued by HKCG (Finance) Limited or TCCL (Finance) Limited, subsidiaries of the Group. The notes are unsecured and guaranteed by the Company or Towngas Smart Energy as to repayment, mainly carry fixed coupon rates ranging from 1.98 per cent to 5.00 per cent per annum payable quarterly, half-yearly or annually in arrear and have maturity terms between 2 to 40 years.

(b) Convertible bonds

Pursuant to a subscription agreement dated 25th October 2021 entered into by Towngas Smart Energy and Clean Energy Ecosystem Pte. Ltd. (the "Investor"), Towngas Smart Energy issued and allotted 116,783,333 shares at HK$5.0 per share and convertible bonds due 2026 of principal amount of RMB1,835.6 million (equivalent to HK$2,217.7 million at an agreed exchange rate) on 18th November 2021. Details of the transactions were disclosed in Towngas Smart Energy's announcements dated 25th October 2021 and 18th November 2021.

There was no movement in the number of the convertible bonds during the years ended 31st December 2024 and 2023. The convertible bonds entitle the Investor to convert them into ordinary shares of Towngas Smart Energy in whole or in part at any time during the conversion period at a conversion price of HK$6.26 per share, subject to adjustments. Effective from 11th July 2023, the conversion price of the convertible bonds has been adjusted from HK$6.26 per share to HK$6.18 per share as a result of distributions of scrip shares at HK$3.49 per share made by Towngas Smart Energy to the shareholders for the year ended 31st December 2022. Effective from 12th July 2024, the conversion price of the convertible bonds has been adjusted from HK$6.18 per share to HK$6.06 per share as a result of distributions of scrip shares at HK$2.90 per share made by Towngas Smart Energy to the shareholders for the year ended 31st December 2023. The conversion period commences from the date of issue and will expire on the close of business on the earlier of (i) the date which is 5 business days prior to the maturity date, i.e. 18th November 2026, and (ii) if the convertible bonds shall have been called for redemption prior to the maturity date, the date which is 5 business days prior to the date fixed for redemption. The convertible bonds carry interest at a rate of 1% per annum, which is payable annually in arrears.

As referred to in note 2(a)(i) to the consolidated financial statements, the convertible bonds were reclassified as current liabilities following the application of the 2020 Amendments and the 2022 Amendments.

32 Borrowings *(Continued)*

Notes (Continued)

(b) Convertible bonds (Continued)

The convertible bonds comprise two components:

(i) The debt component was initially measured at fair value and subsequently measured at amortised cost using the effective interest method after considering the effect of the transaction costs. The effective interest rate of the debt component is 4 per cent (2023: 4 per cent) per annum.

(ii) The embedded derivative component comprises conversion options, which were initially measured at fair value at date of issuance and the end of each reporting period.

	Debt component HK$'M	Embedded derivative component (note 25) HK$'M	Total HK$'M
As at 1st January 2023	**1,854.9**	**200.7**	**2,055.6**
Exchange differences	**(54.2)**	**(4.6)**	**(58.8)**
Interest expense (note 9)	**79.3**	**—**	**79.3**
Interest paid	**(22.2)**	**—**	**(22.2)**
Change in fair value (note 7)	**—**	**(101.6)**	**(101.6)**
As at 31st December 2023	**1,857.8**	**94.5**	**1,952.3**
Exchange differences	**(67.6)**	**(1.6)**	**(69.2)**
Interest expense (note 9)	**81.6**	**—**	**81.6**
Interest paid	**(22.2)**	**—**	**(22.2)**
Change in fair value (note 7)	**—**	**(75.6)**	**(75.6)**
As at 31st December 2024	**1,849.6**	**17.3**	**1,866.9**

(c) Redeemable perpetual securities

In February 2019, the Group re-issued perpetual capital securities ("Perpetual Capital Securities") of US$300 million and the proceeds were mainly used to refinance the 2014 first-issued perpetual capital securities redeemed in January 2019. The Perpetual Capital Securities are at a distribution rate of 4.75 per cent per annum for the first five years and thereafter at fixed distribution rate, with no fixed maturity and the distribution payment can be deferred at the discretion of the Group. On 22nd December 2023, the Group announced that it will redeem all of the Perpetual Capital Securities on the first call date of 12th February 2024. In this connection, the Perpetual Capital Securities were re-classified as redeemable perpetual securities under current liabilities as at 31st December 2023. The redemption was completed on 14th February 2024 after payment has been made in accordance with terms and conditions of the Perpetual Capital Securities.

32 Borrowings *(Continued)*

Notes (Continued)

(d) The maturity of borrowings is as follows:

	Bank and other loans		Guaranteed notes, convertible bonds and redeemable perpetual securities	
	2024 HK$'M	2023 HK$'M	**2024 HK$'M**	2023 HK$'M
Within 1 year	**8,713.1**	9,379.5	**4,748.1**	7,673.5
Between 1 and 2 years	**9,471.8**	8,317.1	**5,464.1**	2,905.1
Between 2 and 5 years	**9,555.3**	9,079.3	**7,985.9**	9,826.5
Wholly repayable within 5 years	**27,740.2**	26,775.9	**18,198.1**	20,405.1
Wholly repayable over 5 years	**1,317.1**	1,387.8	**10,166.8**	9,200.1

As at 31st December 2024, the Group's borrowings amounted to HK$57,422.2 million (2023: HK$57,768.9 million). All the bank and other loans were unsecured. Guaranteed notes of HK$2,837.1 million (2023: HK$3,731.4 million) were hedged.

	2024		2023	
	Within 1 year	**Over 1 year**	Within 1 year	Over 1 year
Bank and other loans				
— Fixed rate	**3,368.5**	**7,031.1**	4,523.4	6,355.7
— Floating rate	**5,344.6**	**13,313.1**	4,856.1	12,428.5
Guaranteed notes, convertible bonds and redeemable perpetual securities				
— Fixed rate	**2,469.8**	**23,404.0**	6,533.5	18,538.5
— Floating rate	**2,278.3**	**212.8**	1,140.0	3,393.2

The exposure of the Group's floating rate borrowings to interest rate changes and the contractual repricing dates are mainly within 6 months from the date of statement of financial position, except for some guaranteed notes, convertible bonds and bank loans subject to fixed interest rate and with maturity terms ranged from 1 to 40 years. The effective interest rates of the Group's borrowings at the date of statement of financial position are as follows:

	2024					2023				
	HKD	**USD**	**RMB**	**AUD**	**JPY**	HKD	USD	RMB	AUD	JPY
Bank and other loans	**5.1%**	**2.0%**	**3.4%**	**N/A**	**1.2%**	5.8%	4.1%	3.6%	N/A	N/A
Guaranteed notes	**3.5%**	**4.6%**	**2.7%**	**3.0%**	**2.9%**	3.6%	4.7%	3.1%	3.0%	2.9%
Convertible bonds	**N/A**	**N/A**	**4.0%**	**N/A**	**N/A**	N/A	N/A	4.0%	N/A	N/A
Redeemable perpetual securities	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	N/A	4.8%	N/A	N/A	N/A

32 Borrowings *(Continued)*

Notes (Continued)

(e) The carrying values of borrowings approximate their fair values as the balances impact of discounting is not significant.

(f) The carrying amounts of the borrowings are denominated in the following currencies:

	2024 HK$'M	2023 HK$'M
HKD	**30,352.5**	28,339.3
RMB	**25,282.2**	24,889.2
USD	**1,564.0**	4,296.6
AUD	**120.2**	133.0
JPY	**103.3**	110.8
	57,422.2	57,768.9

Under the terms of certain bank loans, which have a carrying amount of HK$18,664.8 million as at 31st December 2024 (2023: HK$16,959.0 million), the Group is required to comply with certain key financial covenants determined based on consolidated tangible net worth and consolidated total borrowings, which are tested on a half-yearly, annual or as needed basis. The Group has complied with these covenants throughout the reporting period. There are no indications that the Group would have difficulties complying with the covenants within 12 months from the end of the reporting period.

33 Deferred taxation

The movements in the deferred taxation are as follows:

	2024 HK$'M	2023 HK$'M
At 1st January	**6,924.3**	6,926.7
Charged to the profit or loss	**224.0**	225.2
(Credited)/charged to other comprehensive income	**(11.4)**	38.2
Disposal of subsidiaries	**0.4**	23.4
Transfer to assets held-for-sales (note 43)	**—**	(38.2)
Withholding tax	**(52.4)**	(109.2)
Exchange differences	**(176.5)**	(141.8)
At 31st December	**6,908.4**	6,924.3

33 Deferred taxation *(Continued)*

The movements in deferred tax liabilities and (assets) during the year are as follows:

	Accelerated tax depreciation HK$'M	Oil properties HK$'M	Financial instruments HK$'M	Right-of-use assets HK$'M	Lease liabilities HK$'M	Provision HK$'M	Tax losses HK$'M	Others HK$'M	Total HK$'M
At 1st January 2024	4,276.9	1,281.3	515.9	77.8	(82.7)	(8.3)	(10.8)	874.2	6,924.3
Charged/(credited) to profit or loss	208.5	(19.6)	(4.8)	(15.6)	16.2	–	–	39.3	224.0
Credited to other comprehensive income	–	–	(11.4)	–	–	–	–	–	(11.4)
Withholding tax	–	–	–	–	–	–	–	(52.4)	(52.4)
Exchange differences	(108.1)	(10.5)	(10.8)	0.1	(0.1)	–	–	(46.7)	(176.1)
At 31st December 2024	4,377.3	1,251.2	488.9	62.3	(66.6)	(8.3)	(10.8)	814.4	6,908.4

	Accelerated tax depreciation HK$'M	Oil properties HK$'M	Financial instruments HK$'M	Right-of-use assets HK$'M	Lease liabilities HK$'M	Provision HK$'M	Tax losses HK$'M	Others HK$'M	Total HK$'M
At 1st January 2023 (restated)	4,235.7	1,288.4	498.0	73.8	(78.7)	(8.3)	(10.8)	928.6	6,926.7
Charged/(credited) to profit or loss	149.4	(6.1)	(10.9)	43.6	(45.2)	–	–	94.4	225.2
Credited to other comprehensive income	–	–	38.2	–	–	–	–	–	38.2
Disposal of subsidiaries	(3.3)	–	–	(34.7)	35.2	–	–	26.2	23.4
Transfer to assets held-for-sales	9.5	(15.0)	–	(3.7)	4.7	–	–	(33.7)	(38.2)
Withholding tax	–	–	–	–	–	–	–	(109.2)	(109.2)
Exchange differences	(114.4)	14.0	(9.4)	(1.2)	1.3	–	–	(32.1)	(141.8)
At 31st December 2023	4,276.9	1,281.3	515.9	77.8	(82.7)	(8.3)	(10.8)	874.2	6,924.3

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of HK$970.6 million (2023: HK$1,000.8 million) in respect of losses amounting to HK$3,988.0 million (2023: HK$4,120.3 million) that can be carried forward and set off against future taxable income. These tax losses have no expiry dates except for the tax losses of HK$2,963.7 million (2023: HK$3,125.0 million) which will expire at various dates up to and including 2029 (2023: 2028).

34 Other non-current liabilities

	2024 HK$'M	2023 HK$'M
Customers' deposits (note (a))	1,493.0	1,482.0
Contract liabilities (note (b))	809.6	866.9
Lease liabilities (note (c))	200.0	292.9
Loan and other payables to non-controlling shareholders	167.3	164.9
Asset retirement obligations	114.0	89.5
	2,783.9	2,896.2

Notes

(a) Customers' deposits mainly represent deposits received from customers pursuant to gas supply contracts agreed with customers and are repayable upon termination of gas supply contracts subject to the customers' fulfilment of certain conditions.

(b) Contract liabilities include only the non-current portion. The current portion is disclosed in note 31.

(c) Lease liabilities include only lease with contractual maturities over 1 year, the current portion is disclosed in note 31.

35 Share capital

	Number of shares		Share capital	
	2024	2023	2024 HK$'M	2023 HK$'M
Issued and fully paid:				
At beginning and end of year	18,659,870,098	18,659,870,098	5,474.7	5,474.7

36 Reserves

	Investment revaluation reserve HK$'M	Hedging reserve HK$'M	Exchange reserve HK$'M	Other reserves (note) HK$'M	Retained profits HK$'M	Total HK$'M
As at 1st January 2024	493.7	(32.9)	(2,363.8)	108.7	56,172.4	54,378.1
Profit attributable to shareholders	–	–	–	–	5,711.5	5,711.5
Other comprehensive income:						
Movement in reserve of financial assets at FVOCI	(17.8)	–	–	–	–	(17.8)
Remeasurements of retirement benefit	–	–	–	–	25.9	25.9
Change in fair value of cash flow hedges	–	4.9	–	–	–	4.9
Share of other comprehensive income of associates	0.8	45.8	–	37.4	–	84.0
Exchange differences	–	–	(1,863.3)	–	–	(1,863.3)
Total comprehensive income for the year	(17.0)	50.7	(1,863.3)	37.4	5,737.4	3,945.2
Capital injections in subsidiaries	–	–	–	–	171.5	171.5
Further acquisition of subsidiaries	–	–	–	–	(15.0)	(15.0)
Deemed disposal of subsidiaries	–	–	(11.2)	–	(1.4)	(12.6)
Disposal of subsidiaries	–	–	(20.5)	–	–	(20.5)
Release of exchange reserve	–	–	12.2	–	(12.2)	–
2023 final dividend paid	–	–	–	–	(4,291.8)	(4,291.8)
2024 interim dividend paid	–	–	–	–	(2,239.2)	(2,239.2)
At 31st December 2024	476.7	17.8	(4,246.6)	146.1	55,521.7	51,915.7
Balance after 2024 final dividend proposed	476.7	17.8	(4,246.6)	146.1	51,229.9	47,623.9
2024 final dividend proposed	–	–	–	–	4,291.8	4,291.8
	476.7	17.8	(4,246.6)	146.1	55,521.7	51,915.7

36 Reserves *(Continued)*

	Investment revaluation reserve HK$'M	Hedging reserve HK$'M	Exchange reserve HK$'M	Other reserves (note) HK$'M	Retained profits HK$'M	Total HK$'M
As at 1st January 2023	418.9	(5.8)	(1,272.6)	40.3	56,572.0	55,752.8
Profit attributable to shareholders	–	–	–	–	6,070.1	6,070.1
Other comprehensive income:						
Movement in reserve of financial assets at FVOCI	78.6	–	–	–	–	78.6
Remeasurements of retirement benefit	–	–	–	–	(27.8)	(27.8)
Change in fair value of cash flow hedges	–	(10.1)	–	–	–	(10.1)
Share of other comprehensive income of associates	(3.8)	(17.0)	–	24.1	–	3.3
Exchange differences	–	–	(1,424.1)	–	–	(1,424.1)
Total comprehensive income for the year	74.8	(27.1)	(1,424.1)	24.1	6,042.3	4,690.0
Capital injections in subsidiaries	–	–	–	–	108.1	108.1
Further acquisition of subsidiaries	–	–	–	–	(11.2)	(11.2)
Deemed partial disposal of subsidiaries	–	–	(0.9)	–	1.1	0.2
Disposal of subsidiaries (note 42)	–	–	50.0	–	–	50.0
Release of exchange reserve	–	–	283.8	–	–	283.8
2022 final dividend paid	–	–	–	–	(4,291.8)	(4,291.8)
2023 interim dividend paid	–	–	–	–	(2,239.2)	(2,239.2)
Share-based payments of a subsidiary	–	–	–	6.2	–	6.2
Share award scheme of a subsidiary	–	–	–	38.1	(8.9)	29.2
At 31st December 2023	493.7	(32.9)	(2,363.8)	108.7	56,172.4	54,378.1
Balance after 2023 final dividend proposed	493.7	(32.9)	(2,363.8)	108.7	51,880.6	50,086.3
2023 final dividend proposed	–	–	–	–	4,291.8	4,291.8
	493.7	(32.9)	(2,363.8)	108.7	56,172.4	54,378.1

36 Reserves *(Continued)*

Note

Other reserves mainly arise from the issue of equity-settled share-based payments to certain employees to allow them to invest in the equity interest in Towngas Smart Energy, a subsidiary of the Group and the purchase of shares under a share award scheme of Towngas Smart Energy.

At 31st December 2024, there are 24,000 shares (2023: 24,000 shares) held by the trustee. During the year ended 31st December 2024, no additional shares were purchased by the trustee from the market (2023: 950,000 shares were purchased by the trustee from the market at an average price of approximately HK$3.34 per share, with an aggregate amount of approximately HK$3.2 million). During the year ended 31st December 2024, no shares were granted (2023: 11,663,000 shares were granted to the selected eligible employees with amount HK$39.6 million recognised as share-based payment expenses and included in staff costs when vested).

37 Contingent liabilities

The Company and the Group did not have any material contingent liabilities as at 31st December 2024 and 2023.

38 Commitments

(a) Capital expenditures for property, plant and equipment

	2024 HK$'M	2023 HK$'M
Contracts had been entered into but not brought into the consolidated financial statements at 31st December	**3,418.0**	5,590.3

(b) Share of capital expenditures for property, plant and equipment of joint ventures

	2024 HK$'M	2023 HK$'M
Contracts had been entered into but not brought into the consolidated financial statements at 31st December	**3,578.3**	3,807.9

(c) The Group has committed to provide sufficient funds in the forms of capital and loan contributions to finance certain new projects under various contracts in the Chinese mainland. The directors of the Company estimate that as at 31st December 2024, the Group's commitments to these projects were approximately HK$2,954.9 million (2023: HK$7,948.0 million).

38 Commitments *(Continued)*

(d) Lease commitments

Lessor

The Group leases out the building facilities of the commercial complex and car parks of Grand Waterfront (further details of the carrying value of the property are contained in note 17). Except for certain car parks rented out on an hourly or a monthly basis, these leases typically run for a period of 2 to 5 years.

At 31st December 2024 and 2023, future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	2024 HK$'M	2023 HK$'M
Not later than 1 year	**21.9**	23.9
Later than 1 year and not later than 5 years	**28.0**	14.8
	49.9	38.7

39 Related party transactions

Henderson Land Development Company Limited ("Henderson") is a related party of the Group by virtue of its significant interest in and influence over the Group. Other related parties include subsidiaries of Henderson and one bank with a common director with the Company during the year. During the year, the transactions carried out and year end balances with the associates, joint ventures and other related parties are shown as follows:

(a) Interest income and sale of goods and services

	2024 HK$'M	2023 HK$'M
Associates		
Sale of goods and services (note (i))	**605.5**	668.5
Loan interest income (note (ii))	**17.2**	23.8
Joint ventures		
Sale of goods and services (note (i))	**629.1**	838.0
Loan interest income (note (ii))	**6.4**	7.0
Other related parties		
Sale of goods and services (note (i))	**183.7**	406.3

39 Related party transactions *(Continued)*

(b) Interest expense and purchase of goods and services

	2024 HK$'M	2023 HK$'M
Associates		
Purchase of goods and services (note (i))	695.2	244.6
Joint ventures		
Purchase of goods and services (note (i))	699.1	52.3
Loan interest expenses (note (ii))	13.4	8.4
Other related parties		
Purchase of goods and services (note (i))	8.5	9.3
Interest expense on bank loans (note (i))	20.4	0.9

Notes

(i) These related party transactions were conducted at prices and terms as agreed by parties involved.

(ii) For the terms and year end balances of loans, please refer to notes 21 and 22.

(c) Year end balances arising from interest expense and sale of goods and services to other related parties

	2024 HK$'M	2023 HK$'M
Bank loans and interest payables	513.4	505.3
Trade receivables	13.9	4.6
Trade payables	12.1	–

Note

For the terms and year end balances of bank loans and interest payables, trade receivables, and trade payables, please refer to notes 32, 29 and 31 respectively.

(d) Other related party transactions are also disclosed in note 12.

40 Notes to consolidated statement of cash flows

(a) Reconciliation of profit before taxation to net cash from operating activities

	2024 HK$'M	2023 HK$'M
Profit before taxation	8,490.4	9,174.4
Share of results of associates	(1,466.7)	(2,361.1)
Share of results of joint ventures	(613.5)	(565.7)
Impairment loss of trade receivables	75.6	56.6
Impairment loss of interest receivable from an associate	79.8	44.2
Write down of inventories	11.2	18.5
Depreciation and amortisation	3,567.9	3,549.2
Loss on disposal/write off of property, plant and equipment	67.3	69.3
Gain on disposal of right-of-use assets	–	(21.1)
Remeasurement loss on assets classified as held-for-sale	–	678.8
Realised losses on an equity investment and related derivatives	–	1,729.4
Provision for assets	178.3	3,237.7
Net gain on disposal of subsidiaries	(182.9)	(4,677.2)
Gain on disposal of associates	–	(770.4)
(Gain)/loss on deemed disposal of subsidiaries and associates	(31.5)	40.5
Change in fair value of embedded derivative component of convertible bonds	(75.6)	(101.6)
Fair value loss/(gain) on investment property	34.5	(4.6)
Ineffective portion on cash flow hedges	2.0	0.2
Interest expense	2,257.1	2,214.6
Interest income	(209.7)	(323.2)
Net realised and unrealised (gains)/losses on financial assets at FVPL and derivative financial instruments	(26.5)	15.5
Net realised and unrealised losses on financial assets at FVOCI	0.1	7.6
Dividend income from investments in securities	(149.7)	173.6
Exchange differences	(28.4)	16.0
Share-based payment	–	48.9
Tax paid	(2,236.6)	(1,756.1)
Operating cash flows before changes in working capital	9,743.1	10,146.8
Changes in retirement benefit assets	3.4	1.5
(Increase)/decrease in inventories	(116.8)	147.8
(Increase)/decrease in trade and other receivables	(1,725.4)	273.0
Increase in trade payables and other liabilities	1,090.4	315.5
(Decrease)/increase in customers' deposits	(18.9)	43.5
Increase in asset retirement obligations	24.5	3.6
Net cash from operating activities	9,000.3	10,931.7

40 Notes to consolidated statement of cash flows *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

	Leases HK$'M	Borrowings HK$'M
At 1st January 2023	428.2	59,304.0
Cash flows	(519.0)	(2,538.2)
Exchange differences	(20.7)	(635.4)
Acquisition of subsidiaries	543.8	156.0
Disposal of subsidiaries	(150.0)	(652.4)
Transfer to assets held-for-sales	(18.7)	(352.5)
Reclass from perpetual capital securities	–	2,375.0
Other non-cash movement	155.3	112.4
At 31st December 2023	418.9	57,768.9
Cash flows	(220.3)	374.6
Exchange differences	(9.5)	(702.4)
Disposal of subsidiaries	(29.7)	(39.4)
Other non-cash movement	148.6	20.5
At 31st December 2024	**308.0**	**57,422.2**

(c) During the year ended 31st December 2024, total cash outflow for lease was included in the statement of cash flows in (a) interest paid of HK$20.7 million (2023: HK$28.0 million) under "financing activities", (b) principal elements of lease payments of HK$199.6 million (2023: HK$491.0 million) under "financing activities".

(d) During the year ended 31st December 2023, Towngas Smart Energy issued shares to employees of the Group for a proceed of HK$0.4 million and deemed partial disposal in a subsidiary for a proceed of HK$15.7 million. The net gain of HK$0.2 million arising from these transactions with non-controlling interests was directly recognised in reserves.

41 Acquisition of subsidiaries

(a) Acquisition of subsidiaries

For the year ended 31st December 2023, the Group acquired a number of subsidiaries with the combined effect shown as follows:

	Purchase consideration HK$'M
Acquisition of assets through acquisition of smart energy companies, being principally engaged in the business of photovoltaics in the Chinese mainland	**563.0**
達茂港華燃氣有限公司, being engaged in the provision for natural gas and related services in the Chinese mainland	**80.0**
安徽智燃舒適家家居商貿有限公司, being engaged in the provision for gas related extended business in the Chinese mainland	**7.4**

The inclusion of the acquired businesses did not have a significant impact of the Group's revenue and profit for the year ended 31st December 2023.

The details of fair value of net identifiable assets acquired were as follows:

	Acquirees' fair value at acquisition date HK$'M
Property, plant and equipment (note 16)	**1,994.7**
Right-of-use assets (note 18)	**464.9**
Inventories	**1.4**
Trade and other receivables	**334.8**
Cash and bank balances	**60.5**
Trade payables and other liabilities	**(2,116.3)**
Borrowings	**(156.0)**
Net assets	**584.0**
Non-controlling interests	**(1.3)**
Net identifiable assets acquired	**582.7**
Goodwill (note 19(a))	**67.7**
Purchase consideration	**650.4**

41 Acquisition of subsidiaries *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

The goodwill is attributable to the future profitability of the acquired businesses and the synergies to arise after the Group's acquisition.

The non-controlling interests were measured on the basis of proportionate share of the fair value of net identifiable assets acquired as of the acquisition date.

Net cash outflow arising on acquisition during the year ended 31st December 2023:

	HK$'M
Purchase consideration for acquisition, settled in cash	**360.0**
Cash and cash equivalents in businesses acquired	**(60.5)**
Cash outflow on acquisition	**299.5**

As at 31st December 2023, purchase consideration of HK$107.1 million remained unpaid and included in trade payables and other liabilities.

(b) Further acquisition of subsidiaries

During the year ended 31st December 2024, the Group has further acquired the interest in several subsidiaries, from non-controlling shareholders with total consideration amounted to approximately HK$43.3 million (2023: approximately HK$37.0 million). The difference between the share of net assets value acquired and total consideration was recognised directly in equity for these transactions with non-controlling interests.

(c) Apart from the above, there were no other material acquisition of subsidiaries during the year ended 31st December 2024 and 2023.

42 Disposal of subsidiaries

(a) Disposal of renewable energy companies

During the year ended 31st December 2024, the Group initiated an asset-light model to develop its renewable energy businesses and divested certain subsidiaries. The Group has disposed of partial equity interests in numerous subsidiaries which are principally engaged in the renewable energy businesses, at the aggregate consideration of approximately HK$1.4 billion. Upon completion of the disposals, these entities ceased to be the subsidiaries but remained as associates or joint ventures of the Group.

The disposal resulted in gains on disposal as follows:

	HK$'M
Fair value of retained interest as associates or joint ventures	**190.6**
Consideration received and receivable	**1,414.3**
	1,604.9
The assets and liabilities disposed of are as follows:	
Property, plant and equipment	**1,715.2**
Right-of-use assets	**24.7**
Inventories	**0.1**
Trade and other receivables	**457.6**
Cash and bank balances	**136.5**
Trade and other payables	**(841.5)**
Contract liabilities	**(0.2)**
Borrowings	**(39.4)**
Lease liabilities	**(29.7)**
Net assets	**1,423.3**
Non-controlling interests	**(9.3)**
	1,414.0
Gains on disposal	**190.9**

Analysis of net cash inflow in respect of disposal of subsidiaries:

	HK$'M
Cash and cash equivalents disposed	**(136.5)**
Consideration received	**797.6**
	661.1

42 Disposal of subsidiaries *(Continued)*

(b) Disposal under the Group's Green Energy business

During the year ended 31st December 2023, the Group disposed its partial interest in EcoCeres Group which principally engaged in biomass utilisation businesses for a cash consideration of approximately HK$2.5 billion. Following the disposal, the Group's effective interest and voting right in EcoCeres, Inc. decreased from 65.5 per cent to 44.2 per cent. As a result, EcoCeres Group ceased to be subsidiaries and became associates of the Group.

The disposal resulted in a net gain on disposal as follows:

	HK$'M
Fair value of retained interest as an associate	**5,976.0**
Consideration received	**2,505.0**
	8,481.0
The assets and liabilities disposed of are as follows:	
Property, plant and equipment	**2,658.6**
Right-of-use assets	**356.0**
Deferred tax assets	**26.7**
Inventories	**565.7**
Trade and other receivables	**360.1**
Cash and bank balances	**4,570.6**
Trade payables and other liabilities	**(276.1)**
Preferred shares	**(3,393.9)**
Borrowings	**(652.4)**
Provision for taxation	**(101.8)**
Other non-current liabilities	**(97.7)**
Net assets	**4,015.8**
Non-controlling interests	**(477.0)**
	3,538.8
Release of exchange reserve upon disposal	**50.0**
	3,588.8
Transaction related costs	**(215.0)**
Net gain on disposal (note 7)	**4,677.2**

42 Disposal of subsidiaries *(Continued)*

Analysis of net cash outflow in respect of disposal of subsidiaries:

	HK$'M
Cash and cash equivalents disposed	**(4,570.6)**
Consideration received	**2,505.0**
	(2,065.6)

Cumulative foreign exchange losses of EcoCeres Group amounting to HK$50.0 million that were recognised in other comprehensive income were released to profit or loss upon the disposal during the year ended 31st December 2023.

Apart from the above, there were no other material disposal of subsidiaries during the year ended 31st December 2024 and 2023.

43 Assets held-for-sale/liabilities directly associated with assets held-for-sale

During 2023, Yi An (Inner Mongolia) Holding Co., Ltd ("Yian (IM)"), a subsidiary of the Group, entered into a Memorandum of Understanding (the "MOU") with an independent third party under which Yian (IM) agreed to dispose its entire equity interest in 山東嘉祥易隆港務有限公司 ("嘉祥易隆"), which principally engages in logistics business in the Chinese mainland, for a cash consideration of approximately HK$240.1 million. The completion of the disposal of interest in 嘉祥易隆 is subject to the satisfaction of conditions precedent as set out in the MOU. Accordingly, the Group's interest in 嘉祥易隆 was reclassified as an asset held for-sale as at 31st December 2023 and was measured at the lower of carrying amount and fair value less costs of disposal. Based on the fair value of the equity interest, a remeasurement loss of approximately HK$543.2 million was recognised as "Other gains, net" in the consolidated income statement for the year ended 31st December 2023. The consideration was fully received in 2024. The disposal was completed in July 2024 and a loss on disposal of approximately HK$8.0 million was recognised as "Other gains, net" in the consolidated income statement for the year ended 31st December 2024.

During 2023, the Group also reclassified its entire equity interest in Inner Mongolia Ke Jian Coal Company Limited ("Kejian"), a subsidiary of the Group which principally engages in coal-related businesses to an asset held-for-sale as the Group intended to recover the carrying amount through sale. Upon reclassification, the investment was measured at the lower of carrying amount and fair value less costs of disposal. A sale and purchase agreement for this disposal was entered into in November 2024, with consideration of approximately HK$493.7 million. Based on the fair value of the equity interest, no remeasurement loss (2023: HK$135.6 million) was recognised as "Other gains, net" in the consolidated income statement for the year ended 31st December 2024.

43 Assets held-for-sale/liabilities directly associated with assets held-for-sale *(Continued)*

The major classes of assets and liabilities of subsidiaries classified as held-for sale, which were presented separately in the Group's consolidated statement of financial position as at 31st December 2024, were as follows:

	2024 HK$'M	2023 HK$'M
Property, plant and equipment	540.0	1,340.3
Right-of-use assets	–	380.3
Intangible assets	–	232.1
Deferred tax assets	–	9.9
Inventories	–	22.0
Trade and other receivables	3.1	118.2
Cash and bank balances	7.6	96.1
Assets of subsidiaries reclassified as held-for-sale	550.7	2,198.9
Trade and other payables	42.2	300.9
Borrowings	–	352.5
Deferred tax liabilities	14.8	48.1
Other non-current liabilities	–	15.7
Liabilities of subsidiaries reclassified as held-for-sale	57.0	717.2

44 Statement of financial position of the Company

	2024 HK$'M	2023 HK$'M
Non-current assets		
Property, plant and equipment	**13,231.0**	13,135.3
Right-of-use assets	**192.1**	235.1
Intangible assets	**13.4**	13.4
Subsidiaries	**29,907.8**	28,370.8
Associate	**664.7**	664.7
Joint ventures	**524.1**	884.1
Retirement benefit assets	**127.9**	105.4
	44,661.0	43,408.8
Current assets		
Inventories	**1,063.0**	1,241.4
Trade and other receivables	**3,256.3**	2,527.9
Loan and other receivables from associates	**22.8**	22.8
Other receivables from joint ventures	**58.7**	62.2
Derivative financial instruments	**—**	0.4
Time deposits up to three months, cash and bank balances	**546.5**	772.3
	4,947.3	4,627.0
Current liabilities		
Trade payables and other liabilities	**(2,136.5)**	(1,831.3)
Provision for taxation	**(166.1)**	(698.3)
Borrowings	**(1,328.9)**	(1,820.1)
	(3,631.5)	(4,349.7)
Total assets less current liabilities	**45,976.8**	43,686.1

44 Statement of financial position of the Company *(Continued)*

	2024 HK$'M	2023 HK$'M
Non-current liabilities		
Loan and other payables to subsidiaries	**(30,120.7)**	(25,846.9)
Deferred taxation	**(1,546.4)**	(1,528.7)
Other non-current liabilities	**(1,462.9)**	(1,470.4)
	(33,130.0)	(28,846.0)
Net assets	**12,846.8**	14,840.1
Capital and reserves		
Share capital	**5,474.7**	5,474.7
Retained profits (note (a))	**7,372.1**	9,365.4
Total equity	**12,846.8**	14,840.1

Approved by the Board of Directors on 19th March 2025

Lee Ka-kit
Director

David Li Kwok-po
Director

44 Statement of financial position of the Company *(Continued)*

Note

(a) Retained profits

	HK$'M
At 1st January 2024	**9,365.4**
Profit attributable to shareholders	**4,511.8**
Other comprehensive income:	
Remeasurements of retirement benefit	**25.9**
Total comprehensive income for the year	**13,903.1**
2023 final dividend paid	**(4,291.8)**
2024 interim dividend paid	**(2,239.2)**
At 31st December 2024	**7,372.1**
Balance after 2024 final dividend proposed	**3,080.3**
2024 final dividend proposed	**4,291.8**
	7,372.1
At 1st January 2023	10,861.7
Profit attributable to shareholders	5,062.5
Other comprehensive income:	
Remeasurements of retirement benefit	(27.8)
Total comprehensive income for the year	15,896.4
2022 final dividend paid	(4,291.8)
2023 interim dividend paid	(2,239.2)
At 31st December 2023	9,365.4
Balance after 2023 final dividend proposed	5,073.6
2023 final dividend proposed	4,291.8
	9,365.4

Subsidiaries

The following is a list of the principal subsidiaries as at 31st December 2024:

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas and related businesses (excluding extended businesses) in Hong Kong				
ECO Aviation Fuel Development Limited	HK$2	100	Hong Kong	Aviation fuel facility
ECO Aviation Fuel Services Limited	HK$10,000	100	Hong Kong	Aviation fuel facility
Lion Legend Limited	HK$100	100	Hong Kong	Café, restaurant and retail sales
Hong Kong & China Gas LNG International Trading Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding and liquefied natural gas trading
P-Tech Renewable Energy Limited	HK$100	100	Hong Kong	Investment holding
#Quality Testing Services Limited	HK$10,000	100	Hong Kong	Laboratory testing
P-Tech Landfill Gas (NENT) Limited	HK$100	100	Hong Kong	Landfill gas project
P-Tech Landfill Gas (NENT Extension) Company Limited	HK$100	100	Hong Kong	Landfill gas project
P-Tech Landfill Gas (SENT) Company Limited	HK$100	100	Hong Kong	Landfill gas project
1#Hong Kong Hydrogen Alliance Limited	Company limited by guarantee without a share capital		Hong Kong	Promoting hydrogen value chain to attain carbon-neutrality
Towngas Energy Academy Limited	HK$100	100	Hong Kong	Research & development and training
Gas, water, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland				
†港華熱能科技(南京)有限公司	RMB50.0 million	100	PRC	Agricultural and related businesses
Shanxi ECO Coalbed Methane Co., Ltd.	RMB200.0 million	70	PRC	Coalbed gas project
港華國際能源貿易有限公司	RMB50.0 million	100	PRC	Energy related business
Dunhuang Towngas China Energy Storage Power Plant Co., Ltd.	RMB14.0 million	100	PRC	Energy storage project
Jiangsu Jinzhuo Construction Engineering Co., Ltd.	RMB100.0 million	64	PRC	Engineering work services
銅陵市隆中環保有限公司	RMB96.0 million	100	PRC	Food waste treatment project

Direct subsidiaries of the Company

† Wholly foreign-owned enterprises

1 Newly formed/acquired during the year

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
†卓度計量技術(深圳)有限公司	RMB109.0 million	100	PRC	Gas meter sales and related businesses
Danyang Hongkong and China Gas Co., Ltd.	RMB60.0 million	80	PRC	Gas sales and related businesses
Fengcheng Hong Kong & China Gas Co. Ltd.	RMB88.0 million	55	PRC	Gas sales and related businesses
Guangzhou Dongyong Hong Kong & China Gas Company Limited	HK$71.3 million	82.6	PRC	Gas sales and related businesses
Guangzhou Hong Kong and China Gas Company Limited	RMB105.0 million	80	PRC	Gas sales and related businesses
Jiangxi Hong Kong & China Gas Co., Ltd.	RMB25.9 million	56	PRC	Gas sales and related businesses
Jilin Hong Kong and China Gas Company Limited	RMB100.0 million	63	PRC	Gas sales and related businesses
Jingxian Hong Kong and China Gas Company Limited	RMB79.0 million	81	PRC	Gas sales and related businesses
†Peixian Hongkong and China Gas Company Limited	RMB100.0 million	100	PRC	Gas sales and related businesses
†Pingxiang Hong Kong & China Gas Co., Ltd.	RMB104.8 million	100	PRC	Gas sales and related businesses
†Suining Hong Kong and China Gas Co., Ltd.	RMB66.5 million	100	PRC	Gas sales and related businesses
Taizhou Hong Kong and China Gas Company Limited	RMB83.0 million	65	PRC	Gas sales and related businesses
Taizhou Yongan Hong Kong & China Gas Co., Ltd.	US$10.0 million	93.9	PRC	Gas sales and related businesses
Wujiang Hong Kong and China Gas Company Limited	RMB60.0 million	80	PRC	Gas sales and related businesses
Xuzhou Hong Kong and China Gas Company Limited	RMB125.0 million	80	PRC	Gas sales and related businesses
Yixing Hong Kong and China Gas Company Limited	RMB172.0 million	80	PRC	Gas sales and related businesses

† Wholly foreign-owned enterprises

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
†Zhang Shu Hong Kong & China Gas Co., Ltd.	US$5.0 million	100	PRC	Gas sales and related businesses
Zhongshan Hong Kong and China Gas Limited	RMB96.0 million	70	PRC	Gas sales and related businesses
常州金壇港華燃氣有限公司	RMB120.0 million	60	PRC	Gas sales and related businesses
†豐縣港華燃氣有限公司	US$4.5 million	100	PRC	Gas sales and related businesses
†新密港華燃氣有限公司	US$12.5 million	100	PRC	Gas sales and related businesses
†港華儲氣(金壇)有限公司	RMB300.0 million	100	PRC	Gas storage project
陽城易高清潔能源有限公司	RMB7.3 million	70	PRC	Gas vehicle filling station
†C-Tech Investment Company Limited	RMB210.0 million	100	PRC	Investment holding
†Hong Kong & China Gas Investment Limited	US$75.0 million	100	PRC	Investment holding
†Hua Yan Environmental Investment (JiangSu) Co., Ltd.	RMB892.1 million	100	PRC	Investment holding
†港華分布式能源投資(深圳)有限公司	RMB210.0 million	100	PRC	Investment holding
†港華綜合電能投資(深圳)有限公司	RMB210.0 million	100	PRC	Investment holding
Towngas Zero Carbon (Tianjin) Investment Partnership (Limited Partner)	RMB251.0 million	100	PRC	Investment platform
港華(深圳)能源管理有限公司	RMB1.0 million	100	PRC	Investment platform

† Wholly foreign-owned enterprises

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
鄭州卓惠洗滌有限公司	RMB15.0 million	80	PRC	Laundry business
上海港燃能源集團有限公司	RMB0.6 million	100	PRC	Leasee of an office
寧夏易達天然氣有限公司	RMB210.0 million	70	PRC	LNG business
†港華天然氣(唐山)有限公司	RMB500.0 million	100	PRC	LNG storage tanks and terminal
G-Tech Piping Company Limited	HK$100	100	Hong Kong	PE piping system business
†卓通管道系統(中山)有限公司	RMB41.0 million	100	PRC	PE piping system business
北京港能光伏發電有限公司	RMB5.0 million	100	PRC	Photovoltaic project
常州港能投智慧能源有限公司	RMB100.0 million	55	PRC	Photovoltaic project
常州鋭能新能源有限公司	RMB5.5 million	55	PRC	Photovoltaic project
南京港能光伏有限公司	RMB8.4 million	55	PRC	Photovoltaic project
時代城市發展(常州)有限公司	RMB9.0 million	100	PRC	Waste treatment project
†Maanshan Hong Kong and China Water Company Limited	RMB212.6 million	100	PRC	Water supply and related businesses
#Wuhu Hong Kong and China Water Company Limited	RMB400.0 million	75	PRC	Water supply and related businesses
Wujiang Hong Kong & China Water Co., Ltd.	RMB860.0 million	80	PRC	Water supply and related businesses
†安徽省江北華衍水務有限公司	RMB374.4 million	100	PRC	Water supply and related businesses

† Wholly foreign-owned enterprises

Direct subsidiaries of the Company

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly.				
徐州工業園區中港熱力有限公司	*RMB160.0 million*	*49.8*	*PRC*	*Distributed energy systems businesses*
Baotou Hong Kong & China Gas Company Limited	*RMB20.0 million*	*85*	*PRC*	*Gas sales and related businesses*
Beipiao Hong Kong and China Gas Company Limited	*RMB56.0 million*	*80*	*PRC*	*Gas sales and related businesses*
Boxing Hong Kong & China Gas Co., Ltd	*RMB40.0 million*	*65*	*PRC*	*Gas sales and related businesses*
†*Cang Xi Hong Kong and China Gas Company Limited*	*RMB20.0 million*	*100*	*PRC*	*Gas sales and related businesses*
Cangxian Hong Kong & China Gas Co., Ltd.	*RMB10.0 million*	*90*	*PRC*	*Gas sales and related businesses*
Changting Hong Kong and China Gas Company Limited	*RMB22.0 million*	*90*	*PRC*	*Gas sales and related businesses*
Chaoyang Hongkong and China Gas Company Limited	*US$10.8 million*	*90*	*PRC*	*Gas sales and related businesses*
Chengdu Xindu Hong Kong and China Gas Co., Ltd.	*RMB50.0 million*	*100*	*PRC*	*Gas sales and related businesses*
†*Chi Ping Hongkong & China Gas Co., Ltd.*	*RMB40.0 million*	*100*	*PRC*	*Gas sales and related businesses*
†*Chizhou Hong Kong and China Gas Company Ltd.*	*RMB70.0 million*	*100*	*PRC*	*Gas sales and related businesses*
Da Yi Hong Kong and China Gas Company Limited	*RMB20.0 million*	*100*	*PRC*	*Gas sales and related businesses*
Dafeng Hong Kong and China Gas Company Limited	*RMB80.0 million*	*51*	*PRC*	*Gas sales and related businesses*

† Wholly foreign-owned enterprises

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly. (Continued)				
†*Dalian Lvshun Hong Kong and China Gas Co. Ltd.*	*US$15.0 million*	*100*	*PRC*	*Gas sales and related businesses*
†*Gongzhuling Hong Kong and China Gas Company Limited*	*RMB88.0 million*	*100*	*PRC*	*Gas sales and related businesses*
†*Guilin Hong Kong & China Gas Co., Ltd.*	*RMB30.0 million*	*100*	*PRC*	*Gas sales and related businesses*
†*Huang Shan Hong Kong & China Gas Co., Ltd.*	*RMB40.0 million*	*100*	*PRC*	*Gas sales and related businesses*
Huzhou Hong Kong and China Gas Company Limited	*US$10.5 million*	*98.9*	*PRC*	*Gas sales and related businesses*
Ji Nan Ping Yin Hong Kong and China Gas Co., Ltd.	*RMB200.0 million*	*82.2*	*PRC*	*Gas sales and related businesses*
Jiajiang Hong Kong & China Gas Company Limited	*RMB20.0 million*	*70*	*PRC*	*Gas sales and related businesses*
Jianping Hong Kong and China Gas Company Limited	*RMB58.0 million*	*80*	*PRC*	*Gas sales and related businesses*
Jianyang Hong Kong and China Gas Co., Ltd.	*RMB150.0 million*	*100*	*PRC*	*Gas sales and related businesses*
†*Kazuo Hong Kong & China Gas Co., Ltd.*	*US$6.4 million*	*100*	*PRC*	*Gas sales and related businesses*
†*Laiyang Hong Kong and China Gas Co., Ltd.*	*US$11.5 million*	*100*	*PRC*	*Gas sales and related businesses*
†*Lezhi Hong Kong and China Gas Company Limited*	*RMB30.0 million*	*100*	*PRC*	*Gas sales and related businesses*
†*Liuzhou Hong Kong & China Gas Co. Ltd*	*RMB50.0 million*	*100*	*PRC*	*Gas sales and related businesses*
†*Longkou Hongkong and China Gas Company Limited*	*US$7.1 million*	*100*	*PRC*	*Gas sales and related businesses*

† Wholly foreign-owned enterprises

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly. (Continued)				
†Luliang Hong Kong & China Gas Company Limited	*RMB52.0 million*	*100*	*PRC*	*Gas sales and related businesses*
Maanshan Bowang Hong Kong & China Gas Co., Ltd.	*US$10.0 million*	*75.1*	*PRC*	*Gas sales and related businesses*
Mei Shan Peng Shan Hong Kong and China Gas Company Limited	*RMB20.0 million*	*70*	*PRC*	*Gas sales and related businesses*
Miluo Hong Kong and China Gas Co. Ltd	*RMB50.0 million*	*70*	*PRC*	*Gas sales and related businesses*
Peng Xi Hong Kong and China Gas Company Limited	*RMB20.0 million*	*100*	*PRC*	*Gas sales and related businesses*
Pingchang Hong Kong & China Gas Co., Ltd.	*RMB20.0 million*	*90*	*PRC*	*Gas sales and related businesses*
Qingdao Dong Yi Hong Kong and China Gas Company Limited	*RMB30.0 million*	*60*	*PRC*	*Gas sales and related businesses*
Qingdao Zhongji Hong Kong and China Gas Company Limited	*RMB150.0 million*	*90*	*PRC*	*Gas sales and related businesses*
Santai Hong Kong & China Gas Co., Ltd.	*RMB30.0 million*	*100*	*PRC*	*Gas sales and related businesses*
†Shenyang Hong Kong & China Gas Company Limited	*US$24.5 million*	*100*	*PRC*	*Gas sales and related businesses*
Siping Hong Kong & China Gas Company Limited	*RMB45.0 million*	*80*	*PRC*	*Gas sales and related businesses*
Tie Ling Hong Kong and China Gas Company Limited	*RMB333.0 million*	*80*	*PRC*	*Gas sales and related businesses*
†Tongshan Hong Kong and China Gas Co. Ltd.	*RMB124.0 million*	*100*	*PRC*	*Gas sales and related businesses*
Tongxiang Hong Kong and China Gas Company Limited	*US$7.0 million*	*76*	*PRC*	*Gas sales and related businesses*

† Wholly foreign-owned enterprises

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly. (Continued)				
Weiyuan Hong Kong and China Gas Co., Ltd.	*RMB30.0 million*	*100*	*PRC*	*Gas sales and related businesses*
Xin Jin Hong Kong and China Gas Company Limited	*RMB40.0 million*	*60*	*PRC*	*Gas sales and related businesses*
Xingyi Hong Kong & China Gas Company Limited	*RMB50.0 million*	*70*	*PRC*	*Gas sales and related businesses*
†Yang Jiang Hong Kong and China Gas Company Limited	*RMB50.0 million*	*100*	*PRC*	*Gas sales and related businesses*
Yangxin Hong Kong & China Gas Company Limited	*RMB18.0 million*	*76*	*PRC*	*Gas sales and related businesses*
†Yifeng Hong Kong and China Gas Co., Ltd.	*RMB32.0 million*	*100*	*PRC*	*Gas sales and related businesses*
†Yingkou Hong Kong and China Gas Co., Ltd.	*US$9.4 million*	*100*	*PRC*	*Gas sales and related businesses*
Yue Chi Hong Kong and China Gas Company Limited	*RMB30.0 million*	*90*	*PRC*	*Gas sales and related businesses*
†Zhong Jiang Hong Kong and China Gas Company Limited	*RMB30.0 million*	*100*	*PRC*	*Gas sales and related businesses*
Ziyang Hong Kong & China Gas Co., Ltd.	*RMB30.0 million*	*90*	*PRC*	*Gas sales and related businesses*
†阜新新邱港華燃氣有限公司	*RMB34.0 million*	*100*	*PRC*	*Gas sales and related businesses*
†本溪滿族自治縣港華天然氣有限公司	*RMB40.0 million*	*100*	*PRC*	*Gas sales and related businesses*
大連瓦房店港華燃氣有限公司	*RMB40.0 million*	*90*	*PRC*	*Gas sales and related businesses*
†廣西中威管道燃氣發展集團有限責任公司	*RMB30.0 million*	*100*	*PRC*	*Gas sales and related businesses*

† Wholly foreign-owned enterprises

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Gas, water, renewable energy and related businesses (excluding extended businesses) in the Chinese mainland (Continued)				
The following subsidiaries engaged in gas and related businesses are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly. (Continued)				
清遠港華燃氣有限公司	*RMB50.0 million*	*80*	*PRC*	*Gas sales and related businesses*
齊齊哈爾港華燃氣有限公司	*RMB128.6 million*	*61.7*	*PRC*	*Gas sales and related businesses*
韶關港華燃氣有限公司	*RMB50.0 million*	*100*	*PRC*	*Gas sales and related businesses*
松陽港華燃氣有限公司	*RMB80.0 million*	*51.4*	*PRC*	*Gas sales and related businesses*
修水港華燃氣有限公司	*RMB30.0 million*	*60*	*PRC*	*Gas sales and related businesses*
內蒙古港億天然氣有限公司	*RMB80.0 million*	*85*	*PRC*	*Mid-stream natural gas project*
†*Towngas Natural Gas Sales Co., Ltd.*	*RMB50.0 million*	*100*	*PRC*	*Procurement of natural gas resources*
†*Ningbo Gangkun New Energy Technology Co., Ltd.*	*RMB1.0 million*	*100*	*PRC*	*Renewable energy*
†*港華(深圳)綠電有限公司*	*RMB200.0 million*	*100*	*PRC*	*Renewable energy*
濟寧港華智慧能源有限公司	*RMB200.0 million*	*85*	*PRC*	*Renewable energy*
†*寧波聯闊新能源有限公司*	*RMB70.0 million*	*100*	*PRC*	*Renewable energy*
†*青島市萊西港能清潔能源有限公司*	*RMB140.0 million*	*100*	*PRC*	*Renewable energy*
†*瀋陽港能投智慧能源科技有限公司*	*RMB22.5 million*	*100*	*PRC*	*Renewable energy*
†*陝西港華建能電力工程有限公司*	*RMB100.0 million*	*100*	*PRC*	*Renewable energy*
†*天津濱海空保港能投新能源有限公司*	*RMB1.9 million*	*100*	*PRC*	*Renewable energy*
†*濰坊港能投清潔能源有限公司*	*RMB130.0 million*	*100*	*PRC*	*Renewable energy*
†*宜興環興新能源有限公司*	*RMB23.5 million*	*100*	*PRC*	*Renewable energy*
四川港華合縱能源有限公司	*RMB230.0 million*	*98.8*	*PRC*	*Upstream natural gas project*
†*Qiqihar Xingqixiang Gas Company Limited*	*RMB60.0 million*	*100*	*PRC*	*Gas vehicle filling station*

† Wholly foreign-owned enterprises

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Green Energy businesses				
Inner Mongolia ECO Coal Chemical Technology Company Limited	RMB4,073.4 million	100	PRC	Chemical business
†內蒙古科建煤炭有限責任公司	RMB486.0 million	100	PRC	Coal related business
†ECO Environmental Energy Investments Limited	US$100.0 million	100	PRC	Investment holding
†Yi An (Inner Mongolia) Holding Co., Ltd	US$238.2 million	100	PRC	Investment holding
*ECO Orient Resources (Thailand) Ltd.	THB425.0 million	100	Thailand	Oil business
Other businesses				
Climate-Tech Energy Global Consultancy Limited	HK$1.0 million	100	Hong Kong	ESG consultancy services
#P-Tech Engineering Company Limited	HK$2	100	Hong Kong	Engineering and related businesses
U-Tech Engineering Company Limited	HK$22.2 million	100	Hong Kong	Engineering and related businesses
Starmax Assets Limited	HK$90.0 million	100	British Virgin Islands/ Hong Kong	Property development
HDC Data Centre Limited	HK$100	100	Hong Kong	Telecommunications business
TGT China Cloud Data Services (Harbin) Co., Ltd.	RMB161.0 million	92.2	PRC	Telecommunications business
Towngas Chibo Data Service (Jinan) Co., Ltd.	RMB249.0 million	93.6	PRC	Telecommunications business

† Wholly foreign-owned enterprises

Direct subsidiary of the Company

* The Company has a 60% interest in a joint arrangement of oil field concession rights in Thailand. The principal place of business of the joint operations is in Thailand.

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Other businesses (Continued)				
†Towngas Telecom (Peixian) Co., Ltd.	RMB9.0 million	100	PRC	Telecommunications business
Towngas Telecom (Shandong) Company Limited	RMB40.0 million	90.1	PRC	Telecommunications business
†Towngas Telecommunications (Shenzhen) Limited	RMB6.0 million	100	PRC	Telecommunications business
Towngas Telecommunications Fixed Network Limited	HK$35.0 million	100	Hong Kong	Telecommunications business
†北京馳波名氣通數據服務有限公司	RMB9.0 million	100	PRC	Telecommunications business
大連名氣通數據服務有限公司	RMB173.0 million	100	PRC	Telecommunications business
東莞名氣通數據服務有限公司	RMB178.0 million	82	PRC	Telecommunications business
†豐縣名氣通電訊有限公司	RMB7.5 million	100	PRC	Telecommunications business
萊陽名氣通電訊有限公司	US$1.6 million	90	PRC	Telecommunications business
†名氣通網絡(深圳)有限公司	RMB293.0 million	100	PRC	Telecommunications business
卓明信息(深圳)有限公司	RMB49.0 million	100	PRC	Telecommunications business

† Wholly foreign-owned enterprises

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Extended businesses				
港華紫荊農莊(句容)有限公司	RMB40.0 million	78.4	PRC	Agricultural and related businesses
[1]Novel Idea International Limited	HK$100	100	Hong Kong	Design, supply & installation of gas system and products
Alpha Idea International Limited	HK$100	100	Hong Kong	Gas projects
[1]上海安國保險經紀有限公司	RMB60.0 million	100	PRC	Insurance broker
Brilliant Shine Ventures Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
[#]Eminent Power Enterprises Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Excel Creation Investments Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Towngas Lifestyle (China) Company Limited (formerly known as Towngas Lifestyle Holding Company Limited)	HK$100	100	Hong Kong	Investment holding
Towngas Lifestyle (Hong Kong) Company Limited	HK$100	100	Hong Kong	Investment holding
Towngas Lifestyle Holding Company Limited	US$9,399	100	Cayman Islands/ Hong Kong	Investment holding
[1]Townlife Holding Company Limited	HK$1,000	100	Hong Kong	Investment holding

[1] Newly formed/acquired during the year

[#] Direct subsidiaries of the Company

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Extended businesses (Continued)				
[1]北京匡豐信息技術有限公司	RMB40.0 million	100	PRC	Investment holding
[†]名氣家投資有限公司	RMB526.5 million	100	PRC	Investment holding
Summit Result Developments Limited	HK$100	100	Hong Kong	Leasee of Customer centres
Towngas Enterprise Limited	HK$2	100	Hong Kong	Project & retail sales, import & export trades wholesale
卓銳智高(武漢)科技有限公司	RMB51.2 million	100	PRC	System development & consulting services
[1]Towngas Lifestyle IP Limited	HK$100	100	Hong Kong	Trademarks and patents holding
Financing & securities investments				
[#]Eagle Legend International Limited	HK$100	100	Hong Kong	Financing
[#]HKCG (Finance) Limited	HK$100	100	Hong Kong	Financing
[#]Towngas (Finance) Limited	HK$100	100	British Virgin Islands	Financing
[#]China Guide Resources Limited	HK$100	100	Hong Kong	Securities investment
Investstar Limited	HK$100	100	Hong Kong	Securities investment
Superfun Enterprises Limited	US$1	100	British Virgin Islands/ Hong Kong	Securities investment
The following subsidiaries engaged in financing & securities investments are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly.				
TCCL (Finance) Limited	*HK$1*	*100*	*Hong Kong*	*Financing*
TCCL (Project Finance) Limited	*HK$100*	*100*	*Hong Kong*	*Financing*

[1] Newly formed/acquired during the year

[†] Wholly foreign-owned enterprises

[#] Direct subsidiaries of the Company

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding				
Apex Time Holdings Limited	HK$100	100	Hong Kong	Investment holding
C-Tech Laundry (0003) Investment Company Limited	HK$100	100	Hong Kong	Investment holding
ECO Advanced Carbon Materials Company Limited	HK$100	100	Hong Kong	Investment holding
ECO Coal Chemical Technology (Inner Mongolia) Limited	HK$100	100	Hong Kong	Investment holding
ECO Environmental Energy (China) Limited	HK$100	100	Hong Kong	Investment holding
ECO Environmental Investments Limited	HK$2	100	Hong Kong	Investment holding
ECO Natural Gas (China) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
ECO Natural Gas (Xian) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
ECO Orient Energy (Thailand) Ltd.	US$12,000	100	Bermuda	Investment holding
Fanico Investments Limited	HK$1	100	Hong Kong	Investment holding
G-Tech Piping Technologies Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong & China Gas (Anhui) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Changzhou) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Chaozhou) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (China) Limited	HK$10,000	100	British Virgin Islands/ Hong Kong	Investment holding

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
Hong Kong & China Gas (Danyang) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Fengcheng) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Guangzhou) Limited	HK$1,000	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Hebei) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Jilin Province) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Jinan) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Jintan) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Nanjing) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Panyu) Limited	HK$1,000	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Suzhou) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Taizhou) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Wuhan) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
Hong Kong & China Gas (Wujiang) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Xuzhou) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Yixing) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Zhangjiagang) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Gas (Zhongshan) Limited	HK$1,000	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Water (Suzhou) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Water (Wujiang) Limited	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong & China Water Limited (carrying on business in Hong Kong as Hua Yan Water (China) Limited)	US$1	100	British Virgin Islands/ Hong Kong	Investment holding
Hong Kong and China Energy Holdings Company Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Energy Investment Holdings Company Limited	US$1	100	British Virgin Islands	Investment holding
Hong Kong and China Environmental Holdings Company Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Hainan) Limited	HK$100	100	Hong Kong	Investment holding

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
Hong Kong and China Gas (Jiangsu) Agricultural Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Jiangxi) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Jingxian) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Qianhai) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Suxiang) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Tangshan) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Xinmi) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Zhangshu) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Gas (Zhengzhou) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Power Holdings Company Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Power Investment Holdings Company Limited	US$1	100	British Virgin Islands	Investment holding
Hong Kong and China Water (Anhui Jiangbei) Limited	HK$100	100	Hong Kong	Investment holding
Hong Kong and China Water (Maanshan) Limited	HK$100	100	Hong Kong	Investment holding

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
Meter Technologies Limited	HK$100	100	Hong Kong	Investment holding
M-Tech Instrument Corporation (Holding) Limited	HK$119	100	Hong Kong	Investment holding
[1]NovaNex Investments Company Limited	HK$100	100	Hong Kong	Investment Holding
[1#]NovaNex Investments Holding Limited	US$1	100	British Virgin Islands	Investment Holding
[#]Premier Century Investments Limited	HK$14.0 million	100	Hong Kong	Investment holding
Sky Global Limited (carrying on business in Hong Kong as Hong Kong & China Gas (Jilin Gas) Limited)	US$100	100	British Virgin Islands/ Hong Kong	Investment holding
TGT BROADBANDgo Company Limited	US$1	100	British Virgin Islands	Investment holding
TGT Cloud Services (Hong Kong) Holding Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Destic Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Fengxian Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Harbin Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Laiyang Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Peixian Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Shenzhen Data Services Company Limited	HK$100	100	Hong Kong	Investment holding
TGT Songshanhu Company Limited	HK$100	100	Hong Kong	Investment holding

1 Newly formed/acquired during the year

\# Direct subsidiaries of the Company

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
TGT TGgo Company Limited	US$1	100	British Virgin Islands	Investment holding
[1]Towngas Energy Academy Holding Limited	HK$100	100	Hong Kong	Investment holding
Towngas Global Net Limited	HK$0.2	100	Cayman Islands/ Hong Kong	Investment holding
[#]Towngas Investment Company Limited	HK$2	100	Hong Kong	Investment holding
Towngas Renewable Energy Company Limited	US$1	100	British Virgin Islands	Investment holding
[#]Towngas Smart Energy Company Limited	US$1	100	British Virgin Islands	Investment holding
[*]Towngas Smart Energy Company Limited	3,480,651,937 shares of HK$0.1 each	68.4	Cayman Islands/ Hong Kong	Investment holding
Towngas Telecommunications (China) Limited	US$1	100	British Virgin Islands	Investment holding
Towngas Telecommunications Company Limited	HK$100	100	Hong Kong	Investment holding
[1]VENEX Investments Company Limited	HK$100	100	Hong Kong	Investment holding

[1] Newly formed/acquired during the year

[#] Direct subsidiaries of the Company

* Listed on The Stock Exchange of Hong Kong Limited

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
The following subsidiaries engaged in investment holding are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly.				
Chao Sheng Investments Limited	*HK$100*	*100*	*Hong Kong*	*Investment holding*
C-Tech Laundry Investment Company Limited	*HK$100*	*100*	*Hong Kong*	*Investment holding*
Hong Kong & China Gas (Anqing) Limited	*US$1*	*100*	*British Virgin Islands/ Hong Kong*	*Investment holding*
Hong Kong & China Gas (Maanshan) Limited	*US$1*	*100*	*British Virgin Islands/ Hong Kong*	*Investment holding*
Hong Kong & China Gas (Qingdao) Limited	*US$1*	*100*	*British Virgin Islands/ Hong Kong*	*Investment holding*
Hong Kong & China Gas (Taian) Limited	*US$1*	*100*	*British Virgin Islands/ Hong Kong*	*Investment holding*
Hong Kong & China Gas (Weifang) Limited	*US$1*	*100*	*British Virgin Islands/ Hong Kong*	*Investment holding*
Hong Kong & China Gas (Weihai) Limited	*US$1*	*100*	*British Virgin Islands/ Hong Kong*	*Investment holding*
Hong Kong & China Gas (Yantai) Limited	*US$1*	*100*	*British Virgin Islands/ Hong Kong*	*Investment holding*
Hong Kong & China Gas (Zibo) Limited	*US$1*	*100*	*British Virgin Islands/ Hong Kong*	*Investment holding*
Hong Kong and China Gas (Dalian) Limited	*HK$100*	*100*	*Hong Kong*	*Investment holding*
Hong Kong and China Gas (Zhumadian) Limited	*HK$100*	*100*	*Hong Kong*	*Investment holding*
Singkong Investments Limited	*HK$10,000*	*100*	*Hong Kong*	*Investment holding*

Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31st December 2024: (Continued)

Name	Issued share capital/ Registered capital	Percentage of issued/ registered capital held	Place of incorporation/ operation	Principal activity
Investment holding (Continued)				
The following subsidiaries engaged in investment holding are held by Towngas Smart Energy and the respective equity interest held by Towngas Smart Energy is shown accordingly. (Continued)				
TCCL (PCB) Limited	*US$1*	*100*	*Cayman Islands*	*Investment holding*
TCCL (Project Capital) Limited	*US$1*	*100*	*British Virgin Islands*	*Investment holding*
TCCL (Project) Limited	*HK$100*	*100*	*Hong Kong*	*Investment holding*
Towngas China Energy Investment Limited	*HK$100*	*100*	*Hong Kong*	*Investment holding*
†*Towngas China Energy Investment Limited*	*RMB2,250 million*	*100*	*PRC*	*Investment holding*
Towngas China (Fengxi) Limited	*HK$100*	*100*	*Hong Kong*	*Investment holding*
Towngas China (Zhengpugang) Limited	*HK$100*	*100*	*Hong Kong*	*Investment holding*
Towngas China Group Limited	*US$12,821*	*100*	*British Virgin Islands/ Hong Kong*	*Investment holding*
Towngas China Holdings Limited	*HK$100*	*100*	*Hong Kong*	*Investment holding*
†*Towngas Investments Limited*	*US$200.0 million*	*100*	*PRC*	*Investment holding*
Towngas Renewable Energy (HK) Company Limited	*HK$100*	*100*	*Hong Kong*	*Investment holding*
TSEL (Gas) Holdings Limited	*HK$100*	*100*	*Hong Kong*	*Investment holding*
TSEL (Gas) Investment Limited	*HK$100*	*100*	*Hong Kong*	*Investment holding*

† Wholly foreign-owned enterprises

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Corporate Information

Directors
Lee Ka-kit (Chairman)
Lee Ka-shing (Chairman)
Colin Lam Ko-yin
Andrew Fung Hau-chung
David Li Kwok-po*
Poon Chung-kwong*
Moses Cheng Mo-chi*
Anna Wong Wai-kwan*
Peter Wong Wai-yee
Yeung Lui-ming
Chan Ying-lung

* Independent Non-executive Director

Managing Director
Peter Wong Wai-yee

Executive Director and Chief Financial Officer
Yeung Lui-ming

Executive Director and Chief Investment Officer
Chan Ying-lung

Company Secretary
Elsa Wong Lai-kin

Board Audit and Risk Committee
David Li Kwok-po (Chairman)
Poon Chung-kwong
Moses Cheng Mo-chi
Anna Wong Wai-kwan

Remuneration Committee
David Li Kwok-po (Chairman)
Lee Ka-kit
Lee Ka-shing
Poon Chung-kwong
Moses Cheng Mo-chi
Anna Wong Wai-kwan

Nomination Committee
Lee Ka-kit (Chairman)
Lee Ka-shing (Chairman)
David Li Kwok-po
Poon Chung-kwong
Moses Cheng Mo-chi
Anna Wong Wai-kwan

Board Environmental, Social and Governance Committee
Peter Wong Wai-yee (Chairman)
Moses Cheng Mo-chi
Anna Wong Wai-kwan
Yeung Lui-ming

Registered Office
23rd Floor, 363 Java Road,
North Point, Hong Kong

Company's Website
www.towngas.com

Share Registrar
Computershare Hong Kong
Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong
Tel: 2862 8555
Fax: 2865 0990

Auditor
PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity
Auditor
22nd Floor, Prince's Building,
Central, Hong Kong

Investor Relations
Group Investor Relations Department
Tel: 2963 2739
Fax: 2911 9005
e-mail: invrelation@towngas.com

Group Corporate Affairs Department
Tel: 2963 3493
Fax: 2516 7368
e-mail: cad@towngas.com

Company Secretarial Department
Tel: 2963 3292
Fax: 2562 6682
e-mail: compsec@towngas.com

Financial Calendar

Half-Year Results	Announced on Friday, 16th August 2024
Full-Year Results	Announced on Wednesday, 19th March 2025
Annual Report	Posted to Shareholders on Thursday, 24th April 2025
Register of Members	(i) To be closed from Friday, 30th May 2025 to Wednesday, 4th June 2025, for the purpose of determining entitlement of Shareholders to the right to attend and vote at the Annual General Meeting
	(ii) To be closed from Tuesday, 10th June 2025 to Thursday, 12th June 2025, for the purpose of determining Shareholders who qualify for the proposed final dividend
Annual General Meeting	To be held on Wednesday, 4th June 2025
Dividends – Interim	HK12 cents – Paid on Wednesday, 11th September 2024
– Final (Proposed)	HK23 cents – Payable on Monday, 23rd June 2025

Both printed English and Chinese versions of this Annual Report are available upon request from the Company and the Company's share registrar free of charge. The website version of this Annual Report is also available on the Company's website.

The Hong Kong and China Gas Company Limited
香港中華煤氣有限公司

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