
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Gas Holdings Limited**, you should at once hand this circular and the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned therein.



CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

(1) PROPOSED ADOPTION OF 2026 SHARE AWARD SCHEME

(2) DIRECTORS CONDITIONAL GRANTS

AND

(3) NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to the Independent Shareholders



英皇企業融資

Emperor Corporate Finance

A letter from the Board is set out on pages 6 to 52 of this circular. A letter from Emperor Corporate Finance Limited, the independent financial adviser, containing its advice to the Independent Shareholders is set out on pages 53 to 79 of this circular.

A notice convening the SGM of the Company to be held at China Gas Building, 188 Meiyuan Road, Luohu District, Shenzhen, Guangdong Province, China at 10:00 a.m. on Wednesday, 24 June 2026 is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.chinagasholdings.com.hk>).

Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	6
Letter from the Independent Financial Adviser	53
Appendix — Summary of the Principal Terms of the Scheme	I-1
Notice of SGM	SGM-1

DEFINITIONS

In this circular, the following expressions shall have the meaning set out below unless the context requires otherwise:

“2020 Share Award Scheme”	the share award scheme of the Company which was originally adopted on 27 November 2020 and amended and restated by the Board with effect from 23 August 2023
“2023 Share Option Scheme”	the share option scheme of the Company adopted by the Company on 23 August 2023
“2026 Share Award Scheme”	the share award scheme proposed to be adopted by the Company at the SGM
“Adoption Date”	the date on which the conditions to the adoption of the 2026 Share Award Scheme are satisfied
“associate(s)”	shall have the meaning ascribed to it in the Listing Rules
“Award(s)”	a provisional award granted under the 2026 Share Award Scheme by the Board or the Committee to a Selected Participant, under which Award Shares may be vested in accordance with the terms of the Scheme Rules
“Award Share(s)”	the Shares provisionally awarded to a Selected Participant pursuant to an Award
“Board”	the board of the Directors from time to time
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong
“Bye-laws”	the bye-laws of the Company from time to time and references to a “Bye-law” are to a bye-law contained therein
“close associate(s)”	shall have the meaning ascribed to it in the Listing Rules
“Committee”	the person(s) from time to time delegated by the Board with the power and authority to administer the 2026 Share Award Scheme in accordance with the Scheme Rules
“Company”	China Gas Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 384)

DEFINITIONS

“connected person(s)”	shall have the meaning ascribed to it in the Listing Rules
“core connected person(s)”	shall have the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Directors Conditional Grants”	the conditional grant of Awards under the 2026 Share Award Scheme to each of the following Directors: Mr. LIU Ming Hui (also a substantial Shareholder), Mr. HUANG Yong, Mr. ZHU Weiwei, Dr. LIU Chang and Dr. LIU Mingxing
“Eligible Participant(s)”	means any person belonging to the following classes of participants: (a) Employee Participant; (b) Related Entity Participant; and (c) Service Provider, and, for the purposes of the 2026 Share Award Scheme, the Award may be made to any company wholly owned by one or more of the above participant or any trust which the settlor is the above participant
“Employee Participant(s)”	means any director and employee of the Company or any other member of the Group
“Excluded Participant(s)”	any person who is resident in a place where the award of the Award Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the 2026 Share Award Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Committee or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange (as amended from time to time)
“Grantee”	any Selected Participant who has accepted the offer of the grant of an Award in accordance with the terms of the 2026 Share Award Scheme
“Group”	the Company, its Subsidiaries and any entities under the management control of the Company or any of its subsidiaries from time to time, and “member of the Group” means any or a specific one of them
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Financial Adviser”	Emperor Corporate Finance Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Shareholders in respect of the Directors Conditional Grants
“Independent Shareholders”	Shareholders other than those who are required to abstain from voting at the SGM under the applicable provisions of the Listing Rules to consider and, if thought fit, approve the Directors Conditional Grants
“Latest Practicable Date”	3 June 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“PRC”	the People’s Republic of China, which for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Price”	the consideration, if any, as determined at the sole and absolute discretion of the Board, payable by a Selected Participant to the Company before vesting of an Award
“Related Entity(ies)”	the holding companies, fellow subsidiaries or associated companies of the Company
“Related Entity Participant(s)”	means directors and employees of the Related Entity
“Remuneration Committee”	the remuneration committee of the Board
“Returned Share(s)”	Award Shares which are not vested and/or forfeited in accordance with the terms of the 2026 Share Award Scheme (whether as a result of a Total Lapse or a Partial Lapse or otherwise), or such Shares being deemed to be Returned Shares

DEFINITIONS

“Residual Cash”	means being cash remaining in the trust fund in respect of an Award Share (including interest income derived from deposits maintained with licensed banks in Hong Kong, and sale proceeds which have not been applied in the acquisition of Shares)
“Personal Representative(s)”	means the person or persons who, in accordance with the laws of succession applicable to a deceased Selected Participant, is or are entitled to collect and receive the Award Shares which have been vested in such Selected Participant and formed part of his estate
“Scheme Rules”	the rules of the 2026 Share Award Scheme, as amended from time to time
“Selected Participant(s)”	any Eligible Participant selected by the Board or the Committee in its absolute discretion to be offered with the grant of an Award pursuant to the 2026 Share Award Scheme
“Service Provider(s)”	subject to compliance with the applicable laws, legislations and regulations (including the applicable Listing Rules), any person who provides services to the Company or other members of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at China Gas Building, 188 Meiyuan Road, Luohu District, Shenzhen, Guangdong Province, China at 10:00 a.m. on Wednesday, 24 June 2026 or at any adjournment or postponement thereof, for the purposes of considering and (if thought fit) approving, among others, the proposed adoption of the 2026 Share Award Scheme and the Directors Conditional Grants
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiary(ies)”	shall have the meaning ascribed to it in the Listing Rules
“substantial shareholder(s)”	shall have the meaning ascribed to it in the Listing Rules
“treasury share(s)”	shall have the meaning ascribed to it in the Listing Rules. For the purposes of the 2026 Share Award Scheme, references to new shares include treasury shares, and references to the issue of shares or securities include the transfer of treasury shares of the Company
“Trust Deed”	the amended and restated trust deed entered into by the Company as settlor and the Trustee as trustee on 17 April 2026 in respect of Shares held or to be held by the Trustee subject to the terms thereof and other trust fund (if any), as amended from time to time
“Trustee”	means the original trustee (namely Tricor Trust (Hong Kong) Limited) or other trustee or trustees as shall be appointed pursuant to and in accordance with the terms of the Trust Deed
“Vesting Targets”	means the vesting conditions for the Directors Conditional Grants as summarized under the section headed “Directors Conditional Grants” below
“Vesting Date”	means in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Award Shares are vested in such Selected Participant pursuant to an Award
“Vesting Period”	means in relation to any Selected Participant, the period commencing on the date on which the Award Shares have been provisionally set aside pursuant to an Award to such Selected Participant and ending on the Vesting Date (both dates inclusive)
“%”	per cent.

LETTER FROM THE BOARD



CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

Executive Directors:

Mr. LIU Ming Hui (*Chairman and President*)

Mr. HUANG Yong (*Executive President*)

Mr. ZHU Weiwei

Ms. LI Ching

Dr. LIU Chang (*Vice President*)

Mr. ZHAO Kun (*Vice President*)

Dr. LIU Mingxing

Non-executive Directors:

Mr. XIONG Bin (*Vice-Chairman*)

Mr. Ayush GUPTA

Ms. ZHOU Xueyan

Independent Non-executive Directors:

Mr. ZHAO Yuhua

Dr. MAO Erwan

Ms. CHEN Yanyan

Mr. ZHANG Ling

Dr. MA Weihua

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place
of business in Hong Kong:*

Room 1601, 16th Floor

Capital Centre, 151 Gloucester Road

Wan Chai

Hong Kong

4 June 2026

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED ADOPTION OF 2026 SHARE AWARD SCHEME
(2) DIRECTORS CONDITIONAL GRANTS
AND
(3) NOTICE OF SPECIAL GENERAL MEETING

* For identification purposes only

LETTER FROM THE BOARD

INTRODUCTION

References are made to the announcements of the Company dated 17 April 2026 and 10 May 2026, respectively, in relation to, among other things, the proposed adoption of the 2026 Share Award Scheme and the Directors Conditional Grants.

The purpose of this circular is to provide you with, among other things, (i) further details of the 2026 Share Award Scheme; (ii) further details of the Directors Conditional Grants; (iii) a letter of advice from the Independent Financial Adviser in relation to the Directors Conditional Grants; (iv) certain information as required to be contained in the circular under the Listing Rules; and (v) a notice of the SGM at which the resolutions will be proposed to consider and, if thought fit, approve the aforesaid matters.

(1) PROPOSED ADOPTION OF 2026 SHARE AWARD SCHEME

Background

By way of background, as at the Latest Practicable Date, the Company had two share incentive schemes in force, namely:

- (1) the 2020 Share Award Scheme (which was originally adopted on 27 November 2020 and amended and restated by the Board with effect from 23 August 2023), which enables the grant of awards involving existing Shares (without grant of awards involving new Shares). The 2020 Share Award Scheme constitutes a share scheme involving the grant of existing Shares under Rule 17.12 of the Listing Rules; and
- (2) the 2023 Share Option Scheme (which was approved at the annual general meeting and adopted on 23 August 2023) which enables the grant of options to subscribe for new Shares. As at the Latest Practicable Date, there is no outstanding share options exercisable under the 2023 Share Option Scheme. The 2023 Share Option Scheme constitutes a share scheme involving the grant of new Shares under Rule 17.02 to Rule 17.11 of the Listing Rules. No share options were granted, exercised, lapsed or cancelled under the 2023 Share Option Scheme since its adoption. The maximum number of share options available for grant under the scheme mandate and service provider sub-limit of the 2023 Share Option Scheme as at the Latest Practicable Date is 544,033,577 and 54,403,357, representing approximately 9.99% and 0.999% of the total issued shares of the Company as at the Latest Practicable Date.

To provide flexibilities to the Company in attracting, retaining and recognising persons for the continued contribution to the growth and development of the Group by way of grant of awards involving new Shares, on 17 April 2026, the Company proposed the adoption of the 2026 Share Award Scheme. The 2026 Share Award Scheme, if adopted, will constitute a share scheme involving the grant of new Shares under Rule 17.02 to Rule 17.11 of the Listing Rules. Pursuant to Rule 17.02(1)(a) of the Listing Rules, the adoption of the 2026 Share Award Scheme will be subject to, among others, the approval of the Shareholders at the SGM.

LETTER FROM THE BOARD

The 2026 Share Award Scheme is conditional upon: (a) the passing of an ordinary resolution by the Shareholders at the SGM to approve the adoption of the 2026 Share Award Scheme and to authorise the Directors to grant Awards hereunder and to allot, issue and deal with Shares pursuant to the grant of any Awards in accordance with the terms and conditions of the 2026 Share Award Scheme; and (b) the approval for the listing of, and permission to deal in, such number of Shares to be allotted and issued by the Company pursuant to the grant of the Awards in accordance with the terms and conditions of the 2026 Share Award Scheme. An application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the Awards to be granted under the 2026 Share Award Scheme.

Purpose

The purposes of the 2026 Share Award Scheme, through an award of Shares, are to: (i) recognise and reward the contribution of certain Eligible Participants (other than Excluded Participants) to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) attract suitable personnel for further development of the Group.

In addition, the granting of Awards serves as a meaningful acknowledgment of the Selected Participants' contributions to the Group's performance and success. It strengthens their sense of belonging and loyalty to the Group and encourages Selected Participants to demonstrate continuing commitment to the long-term growth and profitability of the Group.

Administration

The 2026 Share Award Scheme shall be subject to administration of the Board or the Committee, where applicable, in accordance with the Scheme Rules and the Trust Deed, whose decisions on all matters arising in relation to the 2026 Share Award Scheme or its interpretation or effect shall be final, conclusive and binding. The Board resolved that members of the Remuneration Committee (which currently comprises of Dr. MAO Erwan, Mr. ZHAO Yuhua, Ms. CHEN Yanyan and Mr. ZHANG Ling, all of whom are independent non-executive Directors) shall constitute aforesaid Committee for the purpose of administering the 2026 Share Award Scheme.

The source of the Shares under the 2026 Share Award Scheme is the new Shares to be issued and allotted by the Company. The Company will allot and issue new Shares to satisfy Awards upon their vesting under the 2026 Share Award Scheme.

LETTER FROM THE BOARD

Duration

The 2026 Share Award Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date, and after the expiry of such 10-year term, no further Awards may be made but the Scheme Rules shall remain in full force and effect to the extent necessary to give effect to any Awards made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

Eligible Participants

An individual or a corporate entity (as the case may be), being any of the following:

- (a) Employee Participants;
- (b) Related Entity Participants; and
- (c) Service Providers.

The eligibility of any of the Eligible Participants to an Award shall be determined by the Board or the Committee in its sole and absolute discretion from time to time on the basis of the Board's or the Committee's opinion as to his contribution and/or future contribution to the development and growth of the Group.

Related Entity Participants are directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company. These participants provide essential support to the Company's operations by engaging in natural gas sourcing and supply, infrastructure development and operation, technical and engineering support, and joint business development initiatives. The Group relies on sustained cooperation with its Related Entities to support its day-to-day operations, execute its strategic initiatives and expand its business reach. The directors and employees of these Related Entities play an integral role in the Group's operational activities and contribute to the Group's business objectives through their participation in specific work projects and collaborative initiatives from time to time. Such collaborations generate significant synergistic effects within the Company's network, thereby accelerating overall development, optimising the Group's business operations and enhancing overall sustainable growth.

LETTER FROM THE BOARD

“Service Providers” include any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group. The table below sets out each category of Service Providers, their scope of services and the criteria to be considered when assessing their eligibility and contributions:

Category	Contribution of the Service Providers	Eligibility criteria for Service Providers and metrics for assessing their contributions
(a) Business consultants	Business consultants under this category would be individuals and/or businesses, providing business consulting services to the Group, in relation to the Company’s principal business activities involving sale of natural gas, gas connection, engineering design and construction, sale of liquefied petroleum gas, value-added services (which include the sale of kitchen-focused household products and services, value-added services provided to corporate customers, customer pipeline maintenance and the sale of value-added products and services for government-led projects), electricity and new energy, biomass energy and any other principal business activities the Company may engage in from time to time. Their scopes of services include, but are not limited to, providing strategic advisory services to the Group such as formulation and review of corporate strategy; providing advisory services in relation to the planning, development and execution of infrastructure and business development projects; and advising on operational process optimisation, cost reduction initiatives, quality management improvements, safety and compliance enhancements, and best practice implementation.	Eligibility for Awards in respect of such business consultants is determined by reference to (i) their contribution to the Group’s business development and future prospects; and (ii) the quality and nature of services provided. In assessing such contribution, the Board will have regard to, among other things, the tangible commercial benefits derived from the consultant’s collaboration with the Group and the quality and significance of the business opportunities introduced by the consultant to the Group. The Board or the Committee assesses the contribution of business consultants with reference to the following metrics (where applicable): (i) the number and value of business opportunities or concession projects introduced or facilitated by the consultant; (ii) demonstrable cost savings or revenue enhancement attributable to the consultant’s advisory services; (iii) the quality and timeliness of deliverables; and (iv) the strategic significance of projects in which the consultant has been involved in.

LETTER FROM THE BOARD

Category	Contribution of the Service Providers	Eligibility criteria for Service Providers and metrics for assessing their contributions
	Such business consultants typically provide services pursuant to consultancy agreements or retainer arrangements with a term of not less than 12 months, renewable on an annual or multi-year basis, with fee arrangements structured as retainer fees. The recurring nature of such services is inherent in the Group's ongoing need for specialised expertise in its principal business activities as the Group continues to expand its gas distribution network and value-added services across the PRC and develop new business segments.	
(b) Marketing and professional service providers	Marketing and professional service providers under this category includes persons or entities that provide marketing, public relations, investor relations and corporate communications related services, and other professional services such as market intelligence, data analytics and customer research services and governmental and regulatory advisory services, to members of the Group. Their scopes of services include, but are not limited to, enhancing the Group's brand promotion and market influence; maintaining relationships with clients and stakeholders; assisting in sales negotiations and contract signings; and conducting market research and industry analysis to identify and evaluate business opportunities for the Group.	Eligibility for Awards in respect of such service providers is determined by reference to (i) their professional qualifications and relevant expertise; (ii) the nature, scope and duration of their engagement with the Group; (iii) the degree to which their activities are aligned with the Group's market positioning and strategic objectives; and (iv) the measurable impact of their contribution on the Group's operational efficiency, including any demonstrable reduction in costs or increase in turnover and profit. For marketing and professional service providers, the Board assesses their contribution with reference to the following metrics (as applicable): (i) measurable improvements in brand awareness, market positioning or stakeholder engagement metrics; (ii) the quality, reach and effectiveness of communications campaigns; and (iii) the consistency and reliability of service delivery over the engagement period.

LETTER FROM THE BOARD

Category	Contribution of the Service Providers	Eligibility criteria for Service Providers and metrics for assessing their contributions
----------	---------------------------------------	--

Such providers typically provide services pursuant to annual service agreements or project-based retainers that are renewed on a recurring basis. Fees are payable as retainer fees commensurate with the scope of services provided. The continuing nature of these services allows the Group to maintain its market presence and stakeholder relationships, which require continuous and professional management in the ordinary course of business.

For the avoidance of doubt, Service Providers may not include (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity, and (iii) any person or company having an affiliation with any member of the Board.

In determining the basis of eligibility of each Eligible Participant, the Board or the Committee would take into account of, where applicable, the experience of the Eligible Participant on the Group's businesses, the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee or a director of any member of the Group), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider of any member of the Group), and the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

For Employee Participants, where applicable, assessing factors include: the individual performance, commitment, responsibilities or employment conditions according to the prevailing market practice, the length of engagement with the Group and the individual contribution or potential contribution to the development and growth of the Group.

For Related Entity Participant, assessing factors include, where applicable: (i) the years of service of the Related Entity Participant; (ii) the significance of the Related Entity Participant's role in enhancing the Group's business prospects; (iii) anticipated future contribution to the long term-development of the Group; (iv) the actual or anticipated positive contributions made by the Related Entity Participant to the Group's business development, whether in terms of financial performance or financial position; (v) whether the Related Entity Participant has assisted the Group in accessing new markets or expanding

LETTER FROM THE BOARD

its market share; and (vi) the materiality and nature of the business relationships between the Group and its holding companies, fellow subsidiaries, or associated companies, together with the Related Entity Participant's contribution within such entities, to the extent that such contribution may benefit the Group's principal businesses through a collaborative relationship.

For each category of Service Providers, assessing factors include, where applicable: the individual performance of relevant Service Providers, the length of business relationship with the Group, the materiality and nature of the business relationship with the Group, track record in the quality of services provided to and/or cooperation with the Group and the scale of business dealings with the Group with regard to factors such as the actual or expected improvement to the Group which is or may be attributable to the Service Providers. In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board or the Committee shall take into consideration, where applicable, the length and type of services provided and the recurrences and regularity of such services, the nature of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group from time to time.

The Board (including the independent non-executive Directors) consider that, in addition to the contributions of employees, the Group's success is also attributable to the efforts and collaboration of key external parties. Related Entity Participants' close relationship with the Group enables them to meaningfully contribute to its business, reputation, operations, and performance. The inclusion of Related Entity Participants as eligible participants under the 2026 Share Award Scheme is both necessary and appropriate, as the Group's operations are conducted not solely through its direct subsidiaries but also through a broader network of holding companies, fellow subsidiaries, and associated companies. Personnel within these Related Entities contribute to the Group's success by facilitating inter-company cooperation, negotiating key contracts, and developing strategic partnerships that directly benefit the Group's businesses. By offering equity-based incentives to Related Entity Participants, the 2026 Share Award Scheme strengthens the alignment of interests across the corporate group, fosters a unified strategic direction, and assists the Group in attracting and retaining key personnel. Service Providers provide essential expertise and services critical to the Group's operational capabilities. The services provided by Service Providers are akin to those of employees, in that such services: (i) are material and relevant to the Group's operations; (ii) are provided on a regular or recurring basis, where the continuity and frequency of engagement are comparable to those of employees; and (iii) require an understanding of the daily operations of the Group's business of the kind usually possessed by internal staff.

The Board and each independent non-executive Director believe that extending the grant of Award Shares to Related Entity Participants and Service Providers will strengthen their loyalty to the Group and serve as a meaningful incentive. Doing so is expected to encourage a deeper level of engagement in advancing the Group's business objectives, support the maintenance of stable and enduring relationships with key partners, and help preserve the Group's cash resources by utilising equity-based incentives to attract and retain external talent and collaborators. Moreover, by holding a direct ownership interest in the Company through such Award Shares, these participants will become Shareholders of the Company, thereby aligning their interests with those of the Company and the wider Shareholder base.

LETTER FROM THE BOARD

The Group's principal business activities require the support of external business consultants with industry expertise and the Group's market presence and stakeholder relationships require the support of marketing and professional service providers who provide essential marketing, public relations, investor relations and corporate communications services. Taking into consideration the nature of the Group's business model, which encompasses gas distribution, energy supply and related services across a diversified business portfolio, and its reliance on sustained cooperation with strategic entities and specialised service providers, together with an assessment of participant scopes adopted by comparable listed companies on the Stock Exchange and their inclusion of related entity participants and service providers as eligible participants as an equity-based incentive to motivate their continued contribution and effort towards the Company's success, the Board and the independent non-executive Directors are of the view that including Related Entity Participants and Service Providers in the 2026 Share Award Scheme is consistent with the operational requirements of the Group and with prevailing industry norms. The criteria established for selecting these participants are also aligned with the purposes of the 2026 Share Award Scheme.

On this basis, the Board and each independent non-executive Director consider the inclusion of Related Entity Participants and Service Providers in the 2026 Share Award Scheme to be fair and reasonable, in the interest of the 2026 Share Award Scheme's objectives, and conducive to the long-term interests of the Company and its Shareholders as a whole. This approach affords the Company the flexibility to grant share-based compensation, in lieu of cash rewards or other forms of settlement, when deemed appropriate, thereby fostering strategic partnerships while supporting prudent financial management.

Pursuant to the terms of the 2026 Share Award Scheme, the scope of the Eligible Participants includes independent non-executive Directors. The Company is of the view that the inclusion of independent non-executive Directors as Eligible Participants is in line with the purpose of the 2026 Share Award Scheme, which is to attract, reward and retain talents. The Company considered that independent non-executive Directors make significant contributions to the Group through their professional expertise, independent judgment and oversight of corporate governance and internal control. The Board is of the view that the flexibility to grant Awards to independent non-executive Directors in addition to or in lieu of cash-based incentives will enable the Company to maintain a competitive remuneration package.

Regarding the proposed inclusion of each independent non-executive Director as Eligible Participants, having considered their background and expertise and their contribution to the Group's continuing corporate and financial governance and independent oversight and guidance, the Company is of the view that such inclusion would enable the Company to attract and retain individuals of high calibre to take up such roles for the benefit of the Company and the Shareholders as a whole. Therefore, while no definitive decision has been made by the Remuneration Committee, the administrator of the 2026 Share Award Scheme, to grant Award Shares to any independent non-executive Directors as of the Latest Practicable Date, the Company proposes to include independent non-executive Directors as part of the scope of the Eligible Participants.

LETTER FROM THE BOARD

The Company is of the view that the independence and impartiality of the independent non-executive Directors will not be affected by any Award Shares that may be granted, for the following reasons:

- (a) the maximum number of Shares to be awarded to each independent non-executive Director pursuant to the 2026 Share Award Scheme shall not exceed 0.02% of the total number of issued Shares as at the Adoption Date;
- (b) the independent non-executive Directors are required to follow the independence requirements under Rule 3.13 of the Listing Rules;
- (c) each relevant independent non-executive Director is required to abstain from (i) approving any grant of Award Shares to himself/herself, and (ii) voting on any relevant Board/Committee resolution(s) in relation to any matter relating to the 2026 Share Award Scheme in the future with respect to any interests of such independent non-executive Director and/or his/her associates under such scheme;
- (d) approval by Shareholders will be required if any Award Shares are to be granted to independent non-executive Directors or any of their respective associates would result in the total number of Shares in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the issued Shares (excluding treasury shares); and
- (e) when considering granting Award Shares to independent non-executive Directors, the Board will take note of paragraph E.1.9 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules which recommends that issuers should generally not grant equity-based remuneration with performance-related elements to independent non-executive directors. While the aforesaid is only a recommendation but not a strict requirement, the Board will take note of such recommendation and will not grant Award Shares with conditions that are linked to any subjective review of the individual performance of the relevant independent non-executive Director. The Board will grant Share Awards only if it is satisfied that there will be no bias in decision-making or impact on the objectivity and independence of the Grantee in discharging his/her duties as an independent non-executive Director.

Scheme Mandate Limit

The aggregate maximum number of Shares (the “**Plan Mandate Limit**”) which may be issued and allotted by the Company: (i) for the purpose of the 2026 Share Award Scheme; and (ii) under any other share schemes shall not exceed 10% of the total number of issued Shares as at the Adoption Date, being 544,815,274 Shares as at the Latest Practicable Date. The aforesaid mandate limit may be refreshed in accordance with the applicable requirements of the Listing Rules.

LETTER FROM THE BOARD

The aggregate maximum number of Shares (the “**Service Provider Sub-limit**”) to be subscribed for by the Trustee for the Awards to be awarded to all Service Providers pursuant to the 2026 Share Award Scheme shall not exceed 1% of the total number of issued Shares as at the Adoption Date or the relevant date of approval of the refreshment of the Service Provider Sub-limit. The Board or the Committee shall not instruct the Trustee to subscribe for any Shares for the purpose of the 2026 Share Award Scheme when such subscription will result in the Plan Mandate Limit or the Service Provider Sub-limit being exceeded.

The Service Provider Sub-limit was determined with regard to the following factors:

- (a) the purposes of the 2026 Share Award Scheme, that is to provide equity incentives to, among others, Service Providers and encourage them to maintain their business relationship for the continual operation and development of the Group;
- (b) the possible effect of diluting the shareholding of the Shareholders;
- (c) the importance of the services of exceptional and valuable Service Providers for the success of the Group; and
- (d) the service provider sub-limit proposed or adopted by other companies listed on the Stock Exchange.

The Board considers that the Service Provider Sub-limit is appropriate and reasonable for the following reasons:

- (a) the Grants to Service Providers even if reached the maximum of 1% of the total number of issued Shares as at the Adoption Date (excluding the treasury Shares) would not cause an excessive dilution of the shareholding of the Shareholders;
- (b) the inclusion of Service Providers to the 2026 Share Award Scheme as discussed above aligns with the purposes of the 2026 Share Award Scheme, is in the interest of the Company and Shareholders, and in compliance with the Listing Rules;
- (c) the Company could retain exceptional and valuable Service Providers to continue to supply their services to the Group which are significant and important to the Group’s business needs and future developments; and
- (d) the Company could have the flexibility and ability to reward equity-based incentives (instead of expending other financial resources) to Service Providers who are critical to the long-term growth and development of the Group.

LETTER FROM THE BOARD

Maximum entitlement of each participant

Pursuant to Rule 17.03D of the Listing Rules, where any grant of Awards to a Selected Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such Grantee (excluding any options and awards lapsed in accordance with the terms of any relevant scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the issued Shares, such grant must be separately approved by the Shareholders (which excludes any Shareholders that are required to abstain from voting under the Listing Rules, such as the relevant Selected Participant and his/her close associates (or associates if such Selected Participant is a connected person)) in general meeting, with such Selected Participant and his/her close associates (or associates if the Selected Participant is a connected person) abstaining from voting.

Limit on grant to Director, chief executive or substantial shareholder, or any of their respective associates

Any grant of Awards to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Selected Participant).

Where any grant of award shares (excluding grant of options) to a Director (other than an independent non-executive Director) or a chief executive of the Company, or any of their associates would result in the shares issued and to be issued in respect of all award shares granted (excluding any award shares lapsed in accordance with the terms of the share award scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the issued Shares (excluding treasury shares), such further grant of award shares must be approved by Shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules, that is, the Company will send a circular to the Shareholders, and such Selected Participant, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

Where any grant of options or award shares to an independent non-executive Director or a substantial Shareholder of the Company, or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued Shares (excluding treasury shares), such further grant of options or awards must be approved by Shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules.

Granting and vesting of Awards

The Board or the Committee shall notify the Trustee by a notice in writing (the “**Award Notice**”) upon the making of an Award under the 2026 Share Award Scheme. The Board or the Committee shall notify the Selected Participant in writing (the “**Grant Notice**”) after an Award has been provisionally made to such Selected Participant and the

LETTER FROM THE BOARD

Grant Notice shall contain substantially the same information as that set out in the Award Notice provided that nothing contained in such Grant Notice shall be construed as conferring any rights, interests, benefits and title to and in the Award Shares on such Selected Participant before the vesting of the legal and beneficial ownership of such Award Shares (or the net sale proceeds thereof) in the Selected Participant in accordance with the Scheme Rules. An Award shall be deemed to be unconditionally declined in its entirety by a Selected Participant unless the Selected Participant shall within five (5) Business Days after receipt of such Grant Notice from the Board or the Committee notify the Company in writing that he would accept such Award.

The Trustee shall transfer to and vest in any Selected Participant the legal and beneficial ownership of the Award Shares (or the net sale proceeds thereof) to which such Selected Participant is entitled under the relevant Award as soon as practicable after the latest of: (i) the earliest vesting date as specified in the Award Notice to which such Award relates; (ii) the receipt by the Trustee of the requisite information and documents stipulated by the Trustee within the stipulated period; and (iii) where applicable, the date on which the condition(s) and/or performance target(s) (if any) to be attained or paid by such Selected Participant as specified in the related Award Notice have been attained or paid and notified to the Trustee by the Board or the Committee in writing.

Vesting Period

The Vesting Date in respect of any Award shall be not less than 12 months from the date of grant of the Award unless otherwise permitted under the Listing Rules, provided that for Employee Participants, the Vesting Date may be less than such 12 months in the following circumstances:

- (a) grants of “make whole” Awards to new Employee Participants to replace share awards such Employee Participants forfeited when leaving their previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Awards with performance-based vesting conditions provided in the Scheme Rules, in lieu of time-based vesting criteria;
- (d) grants of Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant Employee Participant, in which case the Vesting Date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements;
- (e) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of 12 months; or
- (f) grants of Awards with a total vesting and holding period of more than 12 months.

LETTER FROM THE BOARD

Clawback Mechanism

In the event that any Selected Participant who is an Employee Participant or Related Entity Participant ceases to be an Employee Participant or Related Entity Participant by virtue of a corporate reorganisation of the Group or the Related Entity, then any Award made to such Selected Participant shall forthwith lapse and be cancelled.

In the event that:

- (a) a Selected Participant ceases to be an Employee Participant or Related Entity Participant other than for reason that the Selected Participant (i) died; (ii) (in the case of a Selected Participant who is an Employee) retired at his normal retirement date; or (iii) (in the case of a Selected Participant who is an Employee) retired at an earlier retirement date (with prior written agreement given by the Company or the Subsidiary or the Related Entity);
- (b) the Subsidiary or Related Entity by which a Selected Participant is employed or, in respect of a deceased or retired Selected Participant as set out in paragraph (a) above, was employed immediately prior to his death or retirement, ceases to be a Subsidiary or Related Entity of the Company (or of a member of the Group); or
- (c) the Board or the Committee shall at its absolute discretion determine in respect of a Service Provider that (i) the Service Provider or his associate has committed any breach of any contract entered into between the Service Provider or his associate on one part and any member of the Group or any Related Entity on the other part as the Board or the Committee may in its absolute discretion determine; or (ii) the Selected Participant has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty; or (iii) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group or the Related Entity by reason of the cessation of its relationship with the Group or its Related Entity or by any other reasons whatsoever; or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) (each of these, an event of “**Total Lapse**”),

the Award shall automatically lapse forthwith and all the Award Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the 2026 Share Award Scheme.

In the event that:

- (a) a Selected Participant is found to be an Excluded Participant; or

LETTER FROM THE BOARD

- (b) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee (or such later date as may be determined by the Board or the Committee at its sole and absolute discretion having regard to all relevant circumstances) for the relevant Award Shares within the stipulated period provided in the Scheme Rules (each of these, an event of “**Partial Lapse**”),

the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Award Shares shall not vest on the relevant Vesting Date but the Award Shares shall become Returned Shares and the dividends and other distributions declared and made in respect of the deemed vested Award Shares shall form part of the income of the trust fund for the purposes of the 2026 Share Award Scheme.

Rights attaching to the Awards and the Award Shares

Any dividends and other distributions declared and made in respect of any Award Shares (the “**Other Distributions**”) shall belong to the Trustee and the relevant Selected Participant shall not have any right whatsoever in such Other Distributions in respect of any Award Shares or otherwise unless and until the relevant Award Shares are vested in such Selected Participant.

Other information

A summary of the principal terms of the 2026 Share Award Scheme is set out in Appendix I to this circular. The Scheme Rules will be published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.chinagasholdings.com.hk>) for a period of 14 days before the date of the SGM (including the date of the SGM) and will be available for inspection at the SGM.

An application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Share(s) to be issued pursuant to the Awards to be granted under the 2026 Share Award Scheme.

Trustee

The Trustee has been appointed by the Company to administer the 2026 Share Award Scheme. The Trustee shall not exercise the voting rights in respect of any Shares held under the trust constituted by the Trust Deed. In particular, the Trustee holding unvested Shares under the 2026 Share Award Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders’ approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner’s direction and such a direction is given.

None of the Directors is and will be a trustee of the 2026 Share Award Scheme nor has a direct or indirect interest in the Trustee. The Trustee will comply with the applicable requirements under Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

(2) DIRECTORS CONDITIONAL GRANTS

On 17 April 2026, conditional upon the Shareholders approving the adoption of the 2026 Share Award Scheme at the SGM, the Company conditionally granted Award Shares to certain Directors under the 2026 Share Award Scheme, subject to the approval by the Independent Shareholders at the SGM.

Details of each of the Directors Conditional Grants are as follows:

Date of conditional grant	17 April 2026			
Grantees and Number of Award Shares	<i>The Directors Conditional Grants</i>			
	Name	Position of the Board	Number of Award Shares	Approximate % of total issued Shares as at the Latest Practicable Date
	Mr. LIU Ming Hui	Chairman, president and executive Director	270,000,000	4.956%
	Mr. HUANG Yong	Executive Director	54,000,000	0.991%
	Mr. ZHU Weiwei	Executive Director	48,000,000	0.881%
	Dr. LIU Chang	Executive Director	45,000,000	0.826%
	Dr. LIU Mingxing	Executive Director	45,000,000	0.826%
Total number of Shares to be issued upon vesting of the Award Shares under the Directors Conditional Grants	462,000,000 Shares, representing approximately 8.48% of the total issued Shares as at the Latest Practicable Date; and approximately 7.71% of the total issued Shares as enlarged by the allotment and issuance of the Award Shares upon full exercise of the Plan Mandate Limit			
Purchase Price	HK\$5.5 per Award Share for Mr. LIU Ming Hui, with an additional 2-year lock-up period after vesting HK\$5.00 per Award Share for other Directors under the Directors Conditional Grants			
Market price of the Shares on the date of conditional grants	HK\$7.15 per Share			

LETTER FROM THE BOARD

Vesting Period

Subject to the fulfilment of the Vesting Targets (as defined below), all the Award Shares granted shall vest in instalments over two calendar years, with a vesting rate of 50% for each instalment. The first instalment may be made at any time within the calendar year in which the Vesting Targets have been attained, and the second instalment, comprising the remaining 50% of the Award Shares, may be made at any time in the next calendar year following the first instalment.

Vesting Targets

The Awards granted to each Grantee under the corresponding Directors Conditional Grants shall vest in him/her subject to satisfaction of the vesting conditions set out below (the “**Vesting Targets**”).

By using the Group’s audited profit attributable to Shareholders (excluding share-based payment expenses and other gains and losses) for the financial year ending 31 March 2026 as the base figure, the following targets must be achieved:

Annual Target the Group’s audited profit attributable to Shareholders (excluding share-based payment expenses and other gains and losses) for each of the five consecutive financial years from financial year 2027 to financial year 2031 (each ending 31 March) must increase by not less than 15% year-on-year; or

Ultimate Target the Group’s audited profit attributable to Shareholders (excluding share-based payment expenses and other gains and losses) for the financial year ending 31 March 2031 must have increased by not less than 101.14% cumulatively compared to the base figure for the financial year ended 31 March 2026; if any of the Group’s audited annual results confirm that such ultimate growth target has been achieved before the end of the assessment period, the performance vesting condition shall be deemed to have been satisfied early.

Either the annual target or the ultimate target being achieved shall satisfy the Vesting Targets, and achievement thereof shall be determined by reference to the formal audit report issued by a qualified practising auditor in Hong Kong engaged by the Company.

LETTER FROM THE BOARD

The reasons for selecting the financial year ending 31 March 2026 as the base figure are that it represents the Group's latest full year audited financial results and it best reflects the Group's current financial performance and position.

The scope adopted in determining "other gains and losses" is made with reference to "Hong Kong Accounting Standard 1 — Presentation of Financial Statements". It mainly includes one-off gains or losses and income or expenses not arising from the ordinary operations of the Group. As the items in "other gains and losses" do not arise from ordinary operations, it is fair and reasonable and in the interests of the Company and its Shareholders as a whole to exclude "other gains and losses" from the calculation of the Group's audited profit attributable to Shareholders for the purpose of assessing whether the annual target and the ultimate target have been achieved.

According to Bloomberg Consensus data as at April 2026, the adjusted net profit compound annual growth rate of the five major Chinese city gas companies listed in Hong Kong is expected to range between 2.7% and 4.8% over the next four years, with an average (the "**Market Expected Average Growth Rate**") of 3.8%. The annual target growth rate of 15% adopted for the Directors Conditional Grants has been determined with reference to the market expected growth rate and represents approximately four times the Market Expected Average Growth Rate of 3.8%. The independent non-executive Directors and the Remuneration Committee have accordingly set a very high hurdle and target for the Directors Conditional Grants, commensurate with the large number of Award Shares granted thereunder. The ultimate target growth rate of 101.14% represents the compound growth over five years of the annual target growth rate (i.e. $(1+15\%)^5 - 1 = 101.14\%$).

Clawback Mechanism

The Award Shares granted but not yet vested under the Directors Conditional Grants shall, among others, automatically lapse forthwith in the event that:

- (a) the Grantee terminates employment before completing 3 years of service, whether voluntarily or involuntarily, except for dismissal due to the Company's fault;
- (b) the Grantee commits any misconduct;
- (c) the Vesting Targets not being ultimately achieved; or
- (d) other applicable requirements as determined by the Board or the Committee at its sole and absolute discretion.

LETTER FROM THE BOARD

Furthermore, the clawback mechanism, as disclosed below, remains applicable, ensuring that the Award Shares can be cancelled under certain circumstances, thereby protecting the Company's interests.

Financial Assistance There are no arrangements for the Group to provide any financial assistance to any Grantee to facilitate his/her acquisition of the Shares pursuant to the Award Shares conditionally granted.

Sufficiency of Vesting Targets

The annual target growth rate of 15% adopted for the Directors Conditional Grant has been determined with reference to the market expected growth rate (i.e. Bloomberg Consensus data), and represents approximately four times the Market Expected Average Growth Rate of 3.8%.

The Group's audited profit attributable to Shareholders (excluding share-based payment expenses and other gains and losses) has decreased continuously from HK\$10.41 billion for the financial year ended 31 March 2021 to HK\$3.28 billion for the financial year ended 31 March 2025, representing an annual average decrease rate of 25.08%. This decline was mainly due to the decrease in profits generated from gas connection and engineering design and construction segments resulting from the continued sluggish real estate market in the PRC. Market consensus and forecasts indicate that the real estate market in the PRC will remain in a trough state with no sign of recovery in the coming five to ten years, and accordingly, the Company's audited profit attributable to Shareholders (excluding share-based payment expenses and other gains and losses) is expected to remain at a low growth rate. Without the strategic leadership, operational oversight and irreplaceable dedication of the relevant Directors, the Company would not be able to achieve the annual and ultimate target growth rates.

Furthermore, the independent non-executive Directors and the Remuneration Committee have already taken into account the non-recurring factors when adopting the Vesting Targets. Specifically, "other gains and losses" have been excluded from the Group's audited profit attributable to Shareholders in determining whether the annual and ultimate target growth rates have been met. This exclusion ensures that none of the non-recurring and one-off factors (e.g. valuation gains, disposal gains and exchange gains, etc.) would distort the assessment of performance, thereby focusing solely on results arising from ordinary operations.

The independent non-executive Directors and the Remuneration Committee considered that the high hurdle and target have already taken into account the Company's historical profitability, business cycle, non-recurring factors and expected recovery.

LETTER FROM THE BOARD

Reasons for Adopting Profit Attributable to Shareholders as the Sole Vesting Metric

The Vesting Targets rely exclusively on profit attributable to shareholders (“**PAT**”) rather than supplementary metrics like total shareholder return (“**TSR**”), return on equity (“**ROE**”), or earnings per share (“**EPS**”) for several core practical, governance, and incentive-alignment reasons:

Audited, Low-Manipulation Accounting Consistency

PAT is a standardized, rigorously audited line item under global accounting standards (HKFRS), derived directly from consolidated operating results. It is subject to external audit oversight and provides a verifiable, objective measure of core business performance with minimal scope for discretionary short-term manipulation.

In contrast, the other metrics carry far higher vulnerability to gaming:

- (a) ROE can be artificially inflated by aggressive leverage (e.g., debt-fueled share buybacks that shrink net assets without improving operating profitability).
- (b) EPS can be boosted purely through share repurchases that reduce outstanding share count, even if net profit remains flat.

Focusing Incentives on Long-Term Core Operating Health

By centering vesting on PAT, the 2026 Share Award Scheme aligns management incentives with sustainable, organic operating profitability, rather than short-term financial engineering or market speculation.

This discourages executives from prioritizing superficial stock price boosts or cosmetic earnings tweaks (e.g., cutting R&D or long-term capital expenditure to inflate near-term EPS) at the expense of long-term business health. Instead, it directs leadership to focus on growing core business earnings, strengthening the fundamental value of the Group over the vesting period.

Simplicity and Execution Certainty

A single, clear PAT metric eliminates the complexity of calibrating multiple weighted performance targets, reducing ambiguity, internal disputes, and administrative friction during the vesting assessment process. It provides a straightforward, mutually understandable benchmark for both Shareholders and management, minimizing the risk of conflicting interpretations of performance outcomes and reducing potential legal or governance disputes. The Company has also adopted PAT as the benchmark in previous share option granted to the Directors and employees, making it more familiar and easier to accept such benchmark.

In summary, PAT serves as a fair, controllable, and transparent benchmark that ensures equity incentives reward actual operational delivery, thereby safeguarding Shareholders’ interests and reinforcing long-term value creation.

LETTER FROM THE BOARD

Adjustment to profit target

The profit target will be adjusted to exclude disposals, impairment reversals, fair value gains/losses or other non-recurring items recognised under “other gains and losses” with reference to Hong Kong Accounting Standard 1 – Presentation of Financial Statements to the extent that these items are not arising from ordinary operations. The profit target will not be adjusted for acquisitions or changes in accounting policies as profits/(losses) arising therefrom are considered as on-going in nature and being part of the Company’s ordinary operations.

Profits arising from acquisitions are included in the Vesting Targets for the following reasons:

- (a) Ordinary Course of Business and Strategic Alignment: Acquisitions are not extraordinary, isolated or one-time events, but form an integral component of the Group’s ordinary course of business. Acquisitions are core to the Group’s growth strategy and are systematically undertaken to expand into new markets, diversify product lines, and consolidate industry participants. Accordingly, acquisitions are deeply embedded within the Group’s long-term growth strategy and are recurring in nature.
- (b) Integration into Ongoing Operations: Unlike isolated, non-recurring gains, such as disposal of fixed assets or foreign exchange fluctuations, the underlying business of acquired company is permanently consolidated into the Group’s ongoing operations. Consequently, the post-acquisition revenues, operating margins, and cash flows transition into the Group’s recurring income stream.
- (c) Recurrent Revenue Generation: The profits arise from the acquired company’s underlying business are generated on a continuous, quarter-over-quarter, and year-over-year basis from the core activities of the integrated businesses. They do not represent a one-off balance sheet adjustment but rather a permanent expansion of the Group’s operational base.
- (d) Requirement of Sustained Managerial Oversight: The realization and preservation of post-acquisition profitability of the acquired company are contingent upon ongoing and active management and Directors’ oversight, such as executing long-term integration strategies, driving post-merger cost synergies, and pursuing revenue growth initiatives.

Given the long-term success and sustainability of the acquired company demand ongoing strategic oversight, and Directors remain accountable for maintaining and enhancing these contributions, the Company is of the view that it is appropriate to include profits arising from acquisitions in the Vesting Targets.

LETTER FROM THE BOARD

As disclosed in the Group's audited reports, the Group's profit from significant acquisitions of subsidiaries for the year ended 31 March 2023, 2024 and 2025 were HK\$4,093,000, HK\$Nil and HK\$Nil respectively. The Group maintains strict internal controls over business acquisition as detailed below and the Group has adopted a conservative approach in business acquisitions in recent years due to the economic uncertainty.

The Board has considered the risk that profit-based Vesting Targets could potentially be met through aggressive debt-funded acquisitions and is of the view that such risk is adequately mitigated by the following safeguards:

- (a) Two-Tier Approval Structure: The Group adopted a dual-layer governance framework to mitigate the risk that profit-based Vesting Targets could be met through aggressive debt-funded acquisitions:
 - (i) Investment Review Committee (“**IRC**”): IRC was established, and its rules of procedure were formulated, by the Group to meet the Group's strategic development objectives, enhance the Group's core competitiveness, determine the Group's investment and development plan, improve investment decision-making procedures, enhance the scientific nature of decision-making, and improve the efficiency and quality of major investment decisions. All significant business acquisitions must be reviewed and approved by the IRC.
 - (ii) Board: Any material business acquisitions, or any transaction which constitute a “notifiable transaction” or a “connected transaction” under the Listing Rules must be approved by the Board.
- (b) Composition of IRC: The IRC is composed of senior management and heads of key functional units of the Group, including members of the Executive Committee of the Board, the Group's President, the Executive President and the Vice Presidents and heads of the relevant departments in charge of Strategic Development, Finance, Financial Management, Legal and Compliance, Engineering Operations, Natural Gas Center of Excellence, China Gas Smart Energy, Electricity and New Energy Business Unit, LPG Business Unit, and Capital Operations Center.
- (c) Procedural Safeguards: The following procedural safeguards are in place:
 - (i) Quorum of IRC: each meeting requires attendance of more than half of IRC members.

LETTER FROM THE BOARD

- (ii) Procedures of IRC: members of the project due diligence team (including the project application and tracking units) are responsible for explaining the report content and supplementing the basic information for project review as required by the IRC. Each IRC member may raise any question to the presenter regarding any issues he finds in the overall project plan or project documents, and the person being questioned is required to provide an answer to each question. Each IRC member presents his opinions on the project, and then the IRC members shall discuss the investment plan and decide whether to accept or reject.
- (iii) Voting of IRC: Each IRC member present at the meeting has one vote. A resolution shall be passed in the affirmative if supported by a majority of not less than two-thirds of the IRC members present at the meeting. Conversely, the resolution shall be defeated if opposed by more than one-third of the IRC members present at the meeting. The chairperson retains veto authority.
- (iv) Board Oversight: For material business acquisitions, or any transaction which constitute a “notifiable transaction” or a “connected transaction” under the Listing Rules, Board approval provides an additional safeguard against excessive leverage.

In view of the two-tier approval structure, multidisciplinary oversight, and quantitative evidence of conservative acquisition activity, and the fact that the Group’s new business segments are currently intended to be developed primarily through greenfield projects rather than acquisitions (as further described in the section headed “Information on New Business Segments” below), the Company considers that the risk of meeting the profit-based Vesting Targets through aggressive debt-funded acquisitions is sufficiently mitigated.

Individual KPIs were not separately assigned to each grantee under the Directors Conditional Grants, having regard to the different roles and contribution of the Directors, due to the following reasons:

- (a) Group-wide performance targets for grantees: The Award Shares are subject to clearly defined Vesting Targets which are tied to the overall performance of the Group. These targets apply uniformly to each grantee under the Directors Conditional Grants, ensuring that their incentives are tied to collective success and long-term value creation. This approach avoids fragmentation into individual KPIs, which may not fully capture the diverse contributions of each grantee, while still ensuring that vesting is strictly conditional upon the achievement of meaningful performance outcomes;

LETTER FROM THE BOARD

- (b) Recognition of differentiated roles within a unified framework: Each grantee under the Directors Conditional Grants contributes in different capacities – whether in strategic leadership, operational oversight, or governance. A common set of performance conditions is more appropriate to ensure fairness and consistency across the grantees, while acknowledging that their contributions are complementary and collectively directed toward the Group’s strategic objectives. By adopting Group-wide Vesting Targets, the 2026 Share Award Scheme reflects the holistic responsibility of the grantees without undervaluing qualitative contributions that may not lend themselves to individual KPIs;
- (c) Alignment with shareholder interests: The performance-based Vesting Targets ensure that Award Shares vest only upon the achievement of meaningful milestones that directly benefit Shareholders, thereby providing a transparent and objective safeguard, avoiding subjective or inconsistent individual KPIs; and
- (d) Additional safeguards: Beyond the Vesting Targets, it incorporates multiple layers of protection, including the requirement for Independent Shareholder approval, clawback mechanisms, and abstention from voting by interested Directors, his/her associates and all core connected persons of the Company. These safeguards ensure fairness and accountability without the need for individual KPIs.

No director-specific performance conditions are imposed under the Directors Conditional Grants. The relevant Directors collectively form the core leadership team whose complementary and interdependent contributions drive the Group’s overall financial performance. The adoption of Group-wide PAT targets, rather than individual KPIs, is a deliberate design choice intended to foster cohesion, encourage collaborative decision-making and promote collective accountability, ensuring that all relevant Directors are incentivised towards a common goal of sustained profitability and long-term value creation.

The different grant sizes do not serve as a substitute for individual performance targets but rather reflect the differentiated scope, seniority and contribution of each Director’s role. The larger allocation to Mr. LIU Ming Hui is proportionate to his overarching role as the founder of the Group, chairman of the Board and president of the Group. In particular, Mr. LIU Ming Hui is responsible for overall strategic planning and development, including personally initiating and conceiving the Group’s new business segments in electricity and new energy and biomass energy, which have been identified as emerging profit drivers and future growth engines. His substantially larger grant reflects this direct and overarching responsibility for these high-growth areas, whilst Mr. HUANG Yong and the other relevant Directors play valuable roles in contributing their respective expertise to support the implementation and execution of these strategic initiatives.

LETTER FROM THE BOARD

The Remuneration Committee is of the view that the Vesting Targets imposed under the Directors Conditional Grants are fair and reasonable and in the interest of the Company and its Shareholders as a whole for the following reasons: (i) the Vesting Targets are tied directly to measurable Group-wide performance indicators. This ensures that the Award Shares will vest only upon the achievement of meaningful milestones that reflect the Group's operational and financial success, thereby safeguarding Shareholder value; (ii) the Award Shares do not represent an assured entitlement. They will lapse in full if the Vesting Targets are not met, meaning that the economic benefit is contingent and performance-driven. This structure prevents windfall gains and ensures that the grantees under the Directors Conditional Grants are rewarded only for tangible achievements; and (iii) by conditioning vesting on the attainment of the Vesting Targets, the Directors Conditional Grants aligns the interests of the relevant Directors under the Directors Conditional Grants with those of the Shareholders. The relevant Directors under the Directors Conditional Grants are incentivised to pursue strategies that enhance long-term value creation rather than short-term gains.

In accordance with Rule 17.04(1) of the Listing Rules, the conditional grants of the Awards to each of the Grantees subject to the Directors Conditional Grants has been approved by the independent non-executive Directors and the Remuneration Committee. Each Director abstained from voting on resolution in relation to the grant of Awards to him/her and or his/her associates (if applicable), respectively. The Board further resolved that, to avoid any future conflict of interests, each of the Directors shall abstain from voting on any relevant Board/Committee resolution(s) in relation to any matter relating to the 2026 Share Award Scheme in the future with respect to any interests of such Director and/or his/her associates under such scheme. In addition, Directors under the Directors Conditional Grants shall not take part in the administering of the 2026 Share Award Scheme.

Reasons for the grant of Award Shares under each Directors Conditional Grant

The Award Shares granted to the relevant Directors under the Directors Conditional Grants are determined taking into account factors including (i) the duties, responsibilities and contributions to be made by each of them to the Group; (ii) their experience and length of service; (iii) the prevailing market rate of Directors at similar positions; (iv) the remuneration packages of the relevant Directors; and (v) potential positive impacts on the profits attributable to the Shareholders in the long run.

The independent non-executive Directors and the Remuneration Committee are of the view that each Director's total remuneration package, after factoring in the implied economic benefit of the Award Shares, is fair, reasonable and in line with industry norms for the following reasons: (i) the implied economic benefit of the Award Shares is conditional in nature, non-recurring and constitutes a one-off long-term incentive rather than an assured entitlement. The Award Shares will vest only upon the achievement of the Vesting Targets, failing which the Award Shares will lapse in full and no economic benefit will be realised; (ii) the Group is one of China's largest trans-regional integrated energy suppliers and service providers. The scale, complexity and geographic breadth of the Group's operations necessitate total remuneration packages commensurate with the management of an enterprise of this nature so as to attract and retain high-calibre talent; (iii) unlike many share award schemes adopted by other companies listed on the Stock Exchange which do not

LETTER FROM THE BOARD

require participants to pay any purchase price, the Directors Conditional Grants require each Director to pay a Purchase Price with no financial assistance provided by any member of the Group, such that each Director bears personal financial exposure to share price risk, thereby aligning each Director's interests with those of the Shareholders; and (iv) the total remuneration package is subject to multiple safeguards, namely: (a) the Vesting Targets; (b) a clawback mechanism applicable to the Award Shares; (c) the requirement to obtain the approval of Independent Shareholders at the SGM; and (d) the abstention of each interested Director, his/her associates and all core connected persons of the Company from voting on the relevant resolution(s) at the SGM.

The background and contribution of each Directors subject to the Directors Conditional Grants are set out below:

Mr. LIU Ming Hui

Mr. LIU Ming Hui is the founder of the Group. He is the chairman of the Board and the president of the Group, and also serves as the chairman of the Executive Committee and the Nomination Committee, and a vice chairman of the Sustainability Committee. Mr. LIU Ming Hui is responsible for the overall strategic planning and development of new business and leading the works in respect of sustainability. Under the current organisation structure of the Company, the functions of chief executive officer are also performed by Mr. LIU Ming Hui.

As the founder, chairman and president, Mr. LIU Ming Hui is central to the Group's strategic direction and long-term vision. The grant of Awards to Mr. LIU Ming Hui serves the purposes of the 2026 Share Award Scheme by recognising his foundational and continuing contributions to the Group's growth and development, reinforcing his long-term commitment to the Company, and ensuring alignment between his interests and those of the Shareholders.

Mr. LIU Ming Hui received the largest allocation of 270,000,000 Award Shares at a Purchase Price of HK\$5.50 per Award Share, reflecting his position as the founder, chairman and president, his overall strategic leadership of the Group, and his central role in the Group's long-term sustainable development. The higher Purchase Price applicable to Mr. LIU Ming Hui, together with the additional 2-year lock-up period after vesting, is intended to reinforce his commitment and long-term dedication to the Group as its founder and core strategic decision-maker. The length of the lock-up period after vesting is determined taking into account factors including (i) the need to safeguard investor confidence by ensuring that a substantial stake is retained by the founder in the medium term, (ii) the importance of aligning the director's interests with those of Shareholders through long-term shareholding, and (iii) the Company's corporate governance objective of mitigating any perception of short-term gain. It demonstrates that Mr. LIU will continue to maintain a substantial stake in the Company in the foreseeable future, thereby supporting market stability and shareholder value.

The independent non-executive Directors and the Remuneration Committee are of the view that the terms of the Directors Conditional Grant for Mr. LIU Ming Hui are fair and reasonable and in the interests of the Company and its Shareholders as a whole, on the basis

LETTER FROM THE BOARD

that: (i) Mr. LIU Ming Hui is the founder of the Group and occupies the most senior leadership position as chairman of the Board and president of the Group and has made and is expected to continue to make the most significant contributions to the Group's strategic direction and long-term growth; (ii) the largest allocation of Award Shares is proportionate to his unparalleled seniority and scope of responsibilities within the Group; (iii) the higher Purchase Price ensures a greater degree of alignment with Shareholders and demonstrates his willingness to bear a higher cost; (iv) the additional 2-year lock-up period after vesting further evidences his long-term dedication to the Company; and (v) the vesting of the Award Shares is subject to the demanding Vesting Targets and clawback mechanism, thereby safeguarding the interests of the Company and its Shareholders. With reference to the prevailing market conditions, the size of the Group and the performance and contribution of Mr. LIU Ming Hui, the Remuneration Committee is of the view that the Directors Conditional Grant for Mr. LIU Ming Hui, which forms part of his remuneration package, is commensurate with his extensive roles and responsibilities within the Group. The grant represents the long-term incentive component of his remuneration package, supplementing his annual cash compensation. Unlike cash compensation, the grant of Award Shares to Mr. LIU Ming Hui would not impose a financial burden on the Group, while at the same time encouraging him to devote his time and efforts in achieving long-term growth of the Group and better aligning his interests with that of Shareholders.

Mr. HUANG Yong

Mr. HUANG Yong is a founder of the Group and has been the executive president of the Group since joining the Company in 2002. He is a member of each of the Executive Committee and the Nomination Committee. Mr. HUANG Yong is responsible for the formulation and implementation of the Group's overall strategies and plans, investment and research on the new business and supervision of risk controls of the Group.

As the executive president and founder, Mr. HUANG Yong has been instrumental in formulating and implementing the Group's overall strategies, overseeing investment and new business research, and supervising the Group's risk controls. The grant of Awards to Mr. HUANG Yong serves the purposes of the 2026 Share Award Scheme by rewarding his longstanding contributions to the Group's strategic and operational development and incentivising his continued leadership in driving the Group's growth.

Mr. HUANG Yong received 54,000,000 Award Shares at a Purchase Price of HK\$5.00 per Award Share, reflecting his role as the executive president and founder, his seniority, and his responsibilities in overseeing the formulation and implementation of the Group's overall strategies, investment and risk controls.

The independent non-executive Directors and the Remuneration Committee are of the view that the terms of the Directors Conditional Grant for Mr. HUANG Yong are fair and reasonable and in the interests of the Company and its Shareholders as a whole, on the basis that: (i) Mr. HUANG Yong is a founder with over 24 years of service to the Group and holds a key executive leadership role overseeing the Group's overall strategic direction and risk management; (ii) the allocation of Award Shares is proportionate to his seniority and scope of responsibilities, being the second largest allocation after the founder-chairman; (iii) the Purchase Price ensures that Mr. HUANG Yong shares in the risk of share price fluctuations

LETTER FROM THE BOARD

and reinforces his alignment with Shareholders; and (iv) the vesting of the Award Shares is subject to the demanding Vesting Targets and clawback mechanism, thereby safeguarding the interests of the Company and its Shareholders. With reference to the prevailing market conditions, the size of the Group and the performance and contribution of Mr. HUANG Yong, the Remuneration Committee is of the view that the Directors Conditional Grant for Mr. HUANG Yong, which forms part of his remuneration package, is commensurate with his roles and responsibilities within the Group. The grant represents the long-term incentive component of his remuneration package, supplementing his annual cash compensation. Unlike cash compensation, the grant of Award Shares to Mr. HUANG Yong would not impose a financial burden on the Group, while at the same time encouraging him to devote his time and efforts in achieving long-term growth of the Group and better aligning his interests with that of Shareholders.

Mr. ZHU Weiwei

Mr. ZHU Weiwei is the chief operating officer of the Group and a member of the Executive Committee. Mr. ZHU Weiwei is responsible for the daily operation of the Group, including financing, capital management, tendering, procurement, supply chain, management of regional operation centres, investment, strategy development and corporate management.

As the chief operating officer, Mr. ZHU Weiwei oversees the day-to-day operations of the Group spanning financing, capital management, procurement, supply chain and regional management. The grant of Awards to Mr. ZHU Weiwei serves the purposes of the 2026 Share Award Scheme by recognising his contributions to the Group's operational excellence and incentivising his continued commitment to the efficient management and development of the Group's operations.

Mr. ZHU Weiwei received 48,000,000 Award Shares at a Purchase Price of HK\$5.00 per Award Share, reflecting his role as the chief operating officer with broad responsibility for the Group's daily operations, financing, capital management, procurement and regional management.

The independent non-executive Directors and the Remuneration Committee are of the view that the terms of the Directors Conditional Grant for Mr. ZHU Weiwei are fair and reasonable and in the interests of the Company and its Shareholders as a whole, on the basis that: (i) Mr. ZHU Weiwei has served as an executive Director since September 2002 and plays an essential role in the Group's operational management and business execution; (ii) the allocation of Award Shares is proportionate to his seniority and the breadth of his operational responsibilities; (iii) the Purchase Price ensures that Mr. ZHU Weiwei shares in the risk of share price fluctuations and reinforces his alignment with Shareholders; and (iv) the vesting of the Award Shares is subject to the demanding Vesting Targets and clawback mechanism, thereby safeguarding the interests of the Company and its Shareholders. With reference to the prevailing market conditions, the size of the Group and the performance and contribution of Mr. ZHU Weiwei, the Remuneration Committee is of the view that the Directors Conditional Grant for Mr. ZHU Weiwei, which forms part of his remuneration package, is commensurate with his roles and responsibilities within the Group. The grant represents the long-term incentive component of his remuneration package, supplementing

LETTER FROM THE BOARD

his annual cash compensation. Unlike cash compensation, the grant of Award Shares to Mr. ZHU Weiwei would not impose a financial burden on the Group, while at the same time encouraging him to devote his time and efforts in achieving long-term growth of the Group and better aligning his interests with that of Shareholders.

Dr. LIU Chang

Dr. LIU Chang is a vice president of the Group and a member of the Executive Committee. Dr. LIU Chang is in charge of the value-added services business, digitalisation development business, electricity and new energy business, and is also responsible for legal affairs and corporate finance and investor relations of the Group. She also serves as the deputy general manager of Capital Management Centre (corporate finance and investor relations) and the deputy general manager of the Office of the Board and Company Secretarial Department.

As a vice president responsible for value-added services, digitalisation, electricity and new energy businesses, as well as legal affairs and corporate finance and investor relations, Dr. LIU Chang plays a key role in the Group's business diversification and new growth areas. The grant of Awards to Dr. LIU Chang serves the purposes of the 2026 Share Award Scheme by recognising her contributions to the Group's new business development and retaining her for the continual development of the Group's diversified business portfolio.

Dr. LIU Chang received 45,000,000 Award Shares at a Purchase Price of HK\$5.00 per Award Share, reflecting her role as a vice president with responsibility for value-added services, digitalisation, new energy business, legal affairs and corporate finance.

The independent non-executive Directors and the Remuneration Committee are of the view that the terms of the Directors Conditional Grant for Dr. LIU Chang are fair and reasonable and in the interests of the Company and its Shareholders as a whole, on the basis that: (i) Dr. LIU Chang holds a key role in driving the Group's business diversification and new growth areas, including value-added services, digitalisation and new energy, which are critical to the Group's long-term development; (ii) the allocation of Award Shares is proportionate to her responsibilities and position within the Group's management hierarchy; (iii) the Purchase Price ensures that Dr. LIU Chang shares in the risk of share price fluctuations and reinforces her alignment with Shareholders; and (iv) the vesting of the Award Shares is subject to the demanding Vesting Targets and clawback mechanism, thereby safeguarding the interests of the Company and its Shareholders. With reference to the prevailing market conditions, the size of the Group and the performance and contribution of Dr. LIU Chang, the Remuneration Committee is of the view that the Directors Conditional Grant for Dr. LIU Chang, which forms part of her remuneration package, is commensurate with her roles and responsibilities within the Group. The grant represents the long-term incentive component of her remuneration package, supplementing her annual cash compensation. Unlike cash compensation, the grant of Award Shares to Dr. LIU Chang would not impose a financial burden on the Group, while at the same time encouraging her to devote her time and efforts in achieving long-term growth of the Group and better aligning her interests with that of Shareholders.

LETTER FROM THE BOARD

Dr. LIU Mingxing

Dr. LIU Mingxing is an executive Director, the chief economist and chief investment officer of the Group and the chairman of the strategic development committee and the science and technology committee of the Company. He is also a member of the Corporate Governance and Risk Control Committee. Dr. LIU Mingxing has substantial experience in finance and economics and has provided policy advisory services to various government bodies and international organisations.

As the chief economist, chief investment officer, and chairman of the strategic development committee and the science and technology committee, Dr. LIU Mingxing provides economic and strategic advisory support to the Group. The grant of Awards to Dr. LIU Mingxing serves the purposes of the 2026 Share Award Scheme by recognising his contributions to the Group's strategic direction and economic analysis, and retaining his expertise for the Group's continued development.

Dr. LIU Mingxing received 45,000,000 Award Shares at a Purchase Price of HK\$5.00 per Award Share, reflecting his role as the chief economist and chairman of the strategic development committee, and his contributions to the Group's strategic and economic advisory functions.

The independent non-executive Directors and the Remuneration Committee are of the view that the terms of the Directors Conditional Grant for Dr. LIU Mingxing are fair and reasonable and in the interests of the Company and its Shareholders as a whole, on the basis that: (i) Dr. LIU Mingxing serves as the chief economist of the Group and the chairman of the strategic development committee, and provides valuable economic and strategic advisory support that is integral to the Group's long-term planning; (ii) the allocation of Award Shares is proportionate to his responsibilities and advisory role within the Group; (iii) the Purchase Price ensures that Dr. LIU Mingxing shares in the risk of share price fluctuations and reinforces his alignment with Shareholders; and (iv) the vesting of the Award Shares is subject to the demanding Vesting Targets and clawback mechanism, thereby safeguarding the interests of the Company and its Shareholders. With reference to the prevailing market conditions, the size of the Group and the performance and contribution of Dr. LIU Mingxing, the Remuneration Committee is of the view that the Directors Conditional Grant for Dr. LIU Mingxing, which forms part of his remuneration package, is commensurate with his roles and responsibilities within the Group. The grant represents the long-term incentive component of his remuneration package, supplementing his annual cash compensation. Unlike cash compensation, the grant of Award Shares to Dr. LIU Mingxing would not impose a financial burden on the Group, while at the same time encouraging him to devote his time and efforts in achieving long-term growth of the Group and better aligning his interests with that of Shareholders.

The basis for determining the number of Award Shares for each Directors Conditional Grant

The Board and the Remuneration Committee have taken into account and critically reviewed the analysis set out in the letter from the Independent Financial Adviser (the “**IFA Letter**”) when assessing the Directors Conditional Grants and in forming their own

LETTER FROM THE BOARD

independent view that the Directors' remuneration packages are commensurate with their roles and responsibilities. The following was being considered by the Remuneration Committee:

- (a) Independent assessment of roles and responsibilities: The Remuneration Committee first independently assessed the roles, responsibilities, experience, length of service and contributions of each Director under the Directors Conditional Grants, drawing on its own direct knowledge of the Company's operations and management structure.
- (b) Review of Independent Financial Adviser's analysis and benchmarking exercise: The Remuneration Committee reviewed the Independent Financial Adviser's comparable transactions analysis, which identified 19 comparable grants made during the twelve-month period preceding the date of the Directors' Conditional Grants. The Remuneration Committee noted that each of the key metrics fell within the range observed in comparable market transactions, namely: (i) the number of award shares as a percentage of issued share capital (market range: 0.17% to 10.00%; Company: 8.48% in aggregate); (ii) the largest allocation to a single executive director as a percentage of issued share capital (market range: 0.14% to 5.98%; Mr. LIU Ming Hui: 4.96%); (iii) the purchase price discount (for comparable grants with a non-nil purchase price, the market range was approximately 21.45% to 60.25%; Mr. LIU Ming Hui: approximately 23.08%; other Directors: approximately 30.07%); and (iv) the implied value as a percentage of market capitalisation (market range: 0.13% to 5.98%; Mr. LIU Ming Hui: 1.14%; other Directors: up to 0.30%). Accordingly, the Remuneration Committee concluded that the terms of the Directors' Conditional Grants are within the range of market norms for comparable transactions.
- (c) Other considerations: The Remuneration Committee noted that the business, operations and financial performance of the listed issuers of the comparable grants are not the same as the Company, and the Company's market capitalisation is significantly larger than certain of the comparable issuers. The implied value metric therefore provides a more meaningful basis for comparison than absolute monetary values. Nonetheless, considering that the identified 19 comparable grants are based on the following selection criteria: (a) grants for which a circular was issued during the twelve-month period from 17 April 2025 to 17 April 2026; (b) the award shares or restricted share units were granted under a share scheme in accordance with Chapter 17 of the Listing Rules or Chapter 23 of the GEM Listing Rules; (c) the grants were not part of debt restructuring or group restructuring; and (d) the grants were not by companies with weighted voting rights, the Remuneration Committee is of the view that these selected companies are relevant and comparable to the current Directors Conditional Grant.

LETTER FROM THE BOARD

Details for each Directors Conditional Grant is set out below:

Mr. LIU Ming Hui

- (a) **Monetary value of the grant:** Mr. LIU Ming Hui was conditionally granted 270,000,000 Award Shares, representing approximately 4.956% of the total issued Shares as at the date of conditional grant. Based on the market price of HK\$7.15 per Share on the date of conditional grant, the market value of the Award Shares is approximately HK\$1,930.5 million (being 270,000,000 Award Shares $\times$ HK\$7.15). The Purchase Price applicable to Mr. LIU Ming Hui is HK\$5.50 per Award Share, resulting in a total Purchase Price payable of approximately HK\$1,485.0 million (being 270,000,000 Award Shares $\times$ HK\$5.50). Accordingly, the maximum implied economic benefit of the grant (being the market value of the Award Shares less the total Purchase Price) is approximately HK\$445.5 million (being HK\$1,930.5 million - HK\$1,485.0 million).
- (b) **Grant value as a multiple of latest annual remuneration:** Based on the maximum implied economic benefit of approximately HK\$445.5 million as set out above, the grant value represents approximately 6.35 times Mr. LIU Ming Hui's approximate aggregate remuneration over the 5-year term of the Vesting Targets (being his latest annual emoluments for the year ended 31 March 2025 of HK\$14,022,000 $\times$ 5).
- (c) **Proportionality to role, responsibilities and contribution:** Mr. LIU Ming Hui is the founder of the Group and occupies the most senior leadership position as chairman of the Board and president of the Group, and under the current organisation structure of the Company he also performs the functions of chief executive officer. He additionally serves as the chairman of the Executive Committee and the Nomination Committee and a vice chairman of the Sustainability Committee. The grant size is proportionate to his role because, unlike the other executive Directors who each hold a more specialised portfolio of responsibilities, Mr. LIU Ming Hui bears ultimate and overarching responsibility for the Group's strategic direction, executive management and sustainability agenda, and his leadership has been instrumental in driving the Group's growth and success. Please see the section headed "Further details on grant of Award Shares to Mr. LIU Ming Hui" below for further details on the basis for the grant of Award Shares to Mr. LIU Ming Hui.

Mr. HUANG Yong

- (a) **Monetary value of the grant:** Mr. HUANG Yong was conditionally granted 54,000,000 Award Shares, representing approximately 0.991% of the total issued Shares as at the date of conditional grant. Based on the market price of HK\$7.15 per Share on the date of conditional grant, the market value of the Award Shares is approximately HK\$386.1 million (being 54,000,000 Award Shares $\times$ HK\$7.15). The Purchase Price applicable to Mr. HUANG Yong is HK\$5.00 per Award Share, resulting in a total Purchase Price payable of

LETTER FROM THE BOARD

approximately HK\$270.0 million (being 54,000,000 Award Shares $\times$ HK\$5.00). Accordingly, the maximum implied economic benefit of the grant is approximately HK\$116.1 million (being HK\$386.1 million - HK\$270.0 million).

- (b) **Grant value as a multiple of latest annual remuneration:** Based on the maximum implied economic benefit of approximately HK\$116.1 million as set out above, the grant value represents approximately 1.97 times Mr. HUANG Yong's approximate aggregate remuneration over the 5-year term of the Vesting Targets (being his latest annual emoluments for the year ended 31 March 2025 of HK\$11,810,000 $\times$ 5).
- (c) **Proportionality to role, responsibilities and contribution:** Mr. HUANG Yong is a founder of the Group and has served as the executive president since joining the Company in 2002. He is responsible for the formulation and implementation of the Group's overall strategies and plans, investment and research on the new business, and supervision of risk controls of the Group. His allocation of 54,000,000 Award Shares is the second largest after the founder-chairman, reflecting his seniority and his scope of responsibilities as a co-founder with over 24 years of service to the Group. The grant serves to reward his longstanding contributions to the Group's strategic and operational development and to incentivise his continued leadership in driving the Group's growth.

Mr. ZHU Weiwei

- (a) **Monetary value of the grant:** Mr. ZHU Weiwei was conditionally granted 48,000,000 Award Shares, representing approximately 0.881% of the total issued Shares as at the date of conditional grant. Based on the market price of HK\$7.15 per Share on the date of conditional grant, the market value of the Award Shares is approximately HK\$343.2 million (being 48,000,000 Award Shares $\times$ HK\$7.15). The Purchase Price applicable to Mr. ZHU Weiwei is HK\$5.00 per Award Share, resulting in a total Purchase Price payable of approximately HK\$240.0 million (being 48,000,000 Award Shares $\times$ HK\$5.00). Accordingly, the maximum implied economic benefit of the grant is approximately HK\$103.2 million (being HK\$343.2 million - HK\$240.0 million).
- (b) **Grant value as a multiple of latest annual remuneration:** Based on the maximum implied economic benefit of approximately HK\$103.2 million as set out above, the grant value represents approximately 3.48 times Mr. ZHU Weiwei's approximate aggregate remuneration over the 5-year term of the Vesting Targets (being his latest annual emoluments for the year ended 31 March 2025 of HK\$5,926,000 $\times$ 5).

LETTER FROM THE BOARD

- (c) **Proportionality to role, responsibilities and contribution:** Mr. ZHU Weiwei is the chief operating officer of the Group and a member of the Executive Committee. He has served as an executive Director since September 2002 and oversees the day-to-day operations of the Group spanning financing, capital management, procurement, supply chain and regional management. His allocation of 48,000,000 Award Shares (the third largest) is proportionate to his seniority and the breadth of his operational responsibilities. The grant recognises his contributions to the Group's operational excellence and incentivises his continued commitment to the efficient management and development of the Group's operations.

Dr. LIU Chang

- (a) **Monetary value of the grant:** Dr. LIU Chang was conditionally granted 45,000,000 Award Shares, representing approximately 0.826% of the total issued Shares as at the date of conditional grant. Based on the market price of HK\$7.15 per Share on the date of conditional grant, the market value of the Award Shares is approximately HK\$321.75 million (being 45,000,000 Award Shares $\times$ HK\$7.15). The Purchase Price applicable to Dr. LIU Chang is HK\$5.00 per Award Share, resulting in a total Purchase Price payable of approximately HK\$225.0 million (being 45,000,000 Award Shares $\times$ HK\$5.00). Accordingly, the maximum implied economic benefit of the grant is approximately HK\$96.75 million (being HK\$321.75 million - HK\$225.0 million).
- (b) **Grant value as a multiple of latest annual remuneration:** Based on the maximum implied economic benefit of approximately HK\$96.75 million as set out above, the grant value represents approximately 5.66 times Dr. LIU Chang's approximate aggregate remuneration over the 5-year term of the Vesting Targets (being her latest annual emoluments for the year ended 31 March 2025 of HK\$3,418,000 $\times$ 5).
- (c) **Proportionality to role, responsibilities and contribution:** Dr. LIU Chang is a vice president of the Group and a member of the Executive Committee. She holds a key role in driving the Group's business diversification and new growth areas, including value-added services, digitalisation, and electricity and new energy business, which are critical to the Group's long-term development. Her allocation of 45,000,000 Award Shares is proportionate to her responsibilities and position within the Group's management hierarchy. The grant recognises her contribution to the Group's strategic transformation and incentivises her continued leadership in developing new business areas.

LETTER FROM THE BOARD

Dr. LIU Mingxing

- (a) **Monetary value of the grant:** Dr. LIU Mingxing was conditionally granted 45,000,000 Award Shares, representing approximately 0.826% of the total issued Shares as at the date of conditional grant. Based on the market price of HK\$7.15 per Share on the date of conditional grant, the market value of the Award Shares is approximately HK\$321.75 million (being 45,000,000 Award Shares $\times$ HK\$7.15). The Purchase Price applicable to Dr. LIU Mingxing is HK\$5.00 per Award Share, resulting in a total Purchase Price payable of approximately HK\$225.0 million (being 45,000,000 Award Shares $\times$ HK\$5.00). Accordingly, the maximum implied economic benefit of the grant is approximately HK\$96.75 million (being HK\$321.75 million - HK\$225.0 million).
- (b) **Grant value as a multiple of latest annual remuneration:** Based on the maximum implied economic benefit of approximately HK\$96.75 million as set out above, the grant value represents approximately 46.85 times Dr. LIU Mingxing's approximate aggregate remuneration over the 5-year term of the Vesting Targets (being his latest annual emoluments for the year ended 31 March 2025 of HK\$413,000 $\times$ 5). Dr. LIU Mingxing was re-designated from non-executive Director to executive Director during the financial year ended 31 March 2026, and accordingly, the above remuneration figure of HK\$413,000 reflects his emoluments in his former capacity as a non-executive Director, which accounts for the high multiple relative to the grant value.
- (c) **Proportionality to role, responsibilities and contribution:** Dr. LIU Mingxing is the chief economist and chief investment officer of the Group and the chairman of the strategic development committee and the science and technology committee of the Company. He provides valuable economic and strategic advisory support that is integral to the Group's long-term planning. He holds a key role in driving the Group's business diversification and new growth areas, including biomass energy, building and industrial energy saving businesses. His allocation of 45,000,000 Award Shares (the same as Dr. LIU Chang) is proportionate to his responsibilities and advisory role within the Group. The grant recognises his contribution to the Group's strategic development and investment decisions, and incentivises his continued commitment to the Group's long-term planning.

Further details on grant of Award Shares to Mr. LIU Ming Hui

Mr. LIU Ming Hui was granted the largest allocation of 270,000,000 Award Shares among the Directors Conditional Grants, which is approximately five times the number of Award Shares granted to each of the other executive Directors. By way of illustration, below sets out the reasons why Mr. LIU Ming Hui is entitled such number of Award Shares in particular:

- (a) **Unparalleled seniority and leadership:** Mr. LIU Ming Hui is the founder and sole initiator of the Group. He initiated the Group's LNG and gas

LETTER FROM THE BOARD

distribution business at the outset, laying the foundation for the Group's operations, and has since taken a leading role in guiding the Company throughout its growth. He also occupies the senior leadership position as chairman of the Board and president of the Group. He is responsible for the overall strategic planning and development of the Group, and has acted as a spearhead and has been taking a leading role in the strategic development of the Group's new business segments including electricity and new energy, and biomass energy, being the two core segments of the Group's future growth. No other Director holds a comparable breadth of responsibilities or exercises the same degree of strategic influence over the Group's direction. Mr. LIU Ming Hui also holds multiple committee chairmanships (Executive Committee and Nomination Committee) and a vice chairmanship (Sustainability Committee). By contrast for example, whilst Mr. HUANG Yong, as a co-founder and executive president, plays an important role in the Group's operations and serves as a member of the Executive Committee and Nomination Committee, the scope of his responsibilities is more focused in nature. Mr. LIU Ming Hui's responsibilities are therefore broader in scope and encompass a wider range of strategic and governance functions across the Group;

- (b) Alignment with Shareholder interests: Mr. LIU Ming Hui is already a substantial Shareholder deemed to be interested in approximately 13.49% of the total issued Shares, being the largest individual Shareholder among the Directors. The grant of Award Shares serves to further align his interests with those of the Shareholders and underscores his steadfast commitment to the Company's long-term growth. In particular, Mr. LIU Ming Hui's willingness to acquire a further 270,000,000 Award Shares at a premium Purchase Price of HK\$5.50 each (representing an aggregate of approximately HK\$1,485.0 million in personal financial commitment) with an additional lock-up restriction evidences his exceptional degree of alignment with interests of all Shareholders and reflects his willingness to share in both the opportunities and responsibilities of the Group's future development;
- (c) Higher Purchase Price commitment: Unlike the other executive Directors, Mr. LIU Ming Hui is required to pay a higher Purchase Price for his Award Shares. Mr. LIU Ming Hui's Award Shares are subject to a Purchase Price of HK\$5.50 per Award Share (compared to HK\$5.00 for other grantees under the Directors Conditional Grants), and hence, a higher personal financial commitment. This reflects a greater financial commitment and investment risk undertaken by him personally, thereby reinforcing the seriousness of his alignment with Shareholder value. The higher Purchase Price ensures that his incentives are directly tied to the Group's sustained performance and market valuation, distinguishing his grant from those of the other Executive Directors; and

LETTER FROM THE BOARD

- (d) Additional lock-up restriction: Mr. LIU Ming Hui's Award Shares are subject to an additional 2-year lock-up period after vesting, a condition not imposed on the other grantees under the Directors Conditional Grants. Such additional condition differentiates Mr. LIU Ming Hui's grant from that of other Executive Directors. This restriction further demonstrates his long-term commitment to the Company and ensures that his interests remain closely tied to the Group's sustained success and stability. The lock-up period prevents short-term monetization of the Award Shares and underscores his role as a stabilizing force for the Company's governance and strategic direction.
- (e) Implied economic benefit as a multiple of aggregate remuneration: Whilst Mr. LIU Ming Hui received the largest allocation of Award Shares among the Directors Conditional Grants, the differential in economic terms is significantly less pronounced than the 5:1 ratio of Award Shares alone would suggest. The maximum implied economic benefit of Mr. LIU Ming Hui's grant is approximately HK\$445.5 million, representing approximately 6.35 times his approximate aggregate remuneration over the 5-year term of the Vesting Targets. By comparison, the maximum implied economic benefit of the grants to the other grantees under the Directors Conditional Grants ranges from approximately HK\$96.75 million to approximately HK\$116.1 million, representing multiples of between approximately 1.97 times and approximately 5.66 times their respective approximate aggregate remuneration over the same period. Taking Mr. HUANG Yong as an illustration, the ratio of implied economic benefit between Mr. LIU Ming Hui and Mr. HUANG Yong is approximately 3.84:1, which is materially below the 5:1 ratio of Award Shares. The narrower economic differential reflects the combined effect of the higher Purchase Price applicable to Mr. LIU Ming Hui, which imposes a greater personal financial commitment and reduces the net implied benefit per Award Share, thereby demonstrating that the larger allocation to Mr. LIU Ming Hui does not translate into a disproportionate economic advantage on a like-for-like basis. The structure of the Directors Conditional Grants is therefore designed to ensure that the economic benefit accruing to Mr. LIU Ming Hui is commensurate with his seniority, responsibilities and personal financial exposure to the Company.
- (f) New business development and strategic transformation: The Group's traditional LNG and gas distribution business continues to serve as a solid foundation for the Group's operations, with a well-established market presence built over two decades of development. Building on this strong base, the Group has embarked on a strategic expansion into new business segments, which Mr. LIU Ming Hui personally initiated, conceived and drives. The Group's focus on biomass energy and sustainable energy solutions signifies a new chapter in the Group's expansion within the energy sector. Specifically, Mr. LIU Ming Hui

LETTER FROM THE BOARD

identified the market demand for green energy, encompassing biomass energy and integrated energy (including electricity and new energy), which have been established as the Group's two core new business segments. Biomass energy is expected to play an important role in the future green energy market given its numerous advantages including its renewability, environmental friendliness, abundance, and low carbon emissions. Mr. LIU Ming Hui's role in the new business segments encompasses the full lifecycle, from strategic conception and initiation, through research and development oversight, to driving delivery and execution. The other executive Directors play valuable and important roles in supporting the development of these new business segments, contributing their respective expertise and experience to assist in the implementation and execution of these strategic initiatives. However, the distinction lies in the fact that the five-fold differential in Award Shares is intended to reflect Mr. LIU Ming Hui's unique and irreplaceable role as the initiator and driving force behind the Group's strategic transformation and new business development, which represents a significant growth opportunity for the Group. The Board believes that the successful development of these new business segments will deliver substantial long-term value to the Company and its Shareholders, and accordingly considers that the larger allocation of Award Shares to Mr. LIU Ming Hui is justified in order to further align his interests with those of the Company and the Shareholders as a whole, and to incentivise his continued leadership in driving the Group's strategic transformation.

Considering the above, the Remuneration Committee is of the view that the remuneration package of Mr. LIU Ming Hui, including the implied economic benefit of approximately HK\$445.5 million and the grant representing approximately 4.956% of the issued Shares, is commensurate with his roles and responsibilities and not excessive considering factors including (i) the implied economic benefit remains subject to the Vesting Targets and constitutes a long-term incentive rather than an assured entitlement; and (ii) in comparison with other grantees under the Directors Conditional Grants (including Mr. HUANG Yong), the larger allocation to Mr. LIU Ming Hui is proportionate to his unparalleled seniority and responsibility, with him bearing ultimate and overarching responsibility for the entire Group as its founder, chairman and president, and his role in leading the Company's business development and strategic transformation, which is further justified by the higher Purchase Price and the additional lock-up period applicable.

In terms of additional alignment of Mr. LIU Ming Hui's interests with all Shareholders, such alignment is necessary regardless of his existing shareholding and would not result in over-concentration of economic interest due to the following reasons:

- (a) Whilst Mr. LIU Ming Hui holds approximately 13.49% of the total issued Shares as at the Latest Practicable Date, the Directors Conditional Grant serves a fundamentally different purpose from his

LETTER FROM THE BOARD

existing shareholding. His existing shareholding is not subject to any forward-looking performance conditions, whereas the Award Shares under the Directors Conditional Grant will vest only upon the achievement of the demanding Vesting Targets, which require sustained profit growth over five consecutive financial years. The achievement of such Vesting Targets is expected to be significantly driven by the continued growth and success of the Group's new business segments — namely, biomass energy and integrated energy (including electricity and new energy) — which were personally initiated and conceived by Mr. LIU Ming Hui. The grant therefore creates a direct and measurable linkage between Mr. LIU Ming Hui's future economic benefit and the Group's future financial performance over the next five years, and in particular the successful development of the new business segments that he leads. Without performance-linked equity incentives, there would be no mechanism to ensure that Mr. LIU Ming Hui's remuneration is directly tied to the achievement of specific operational milestones that directly benefit all Shareholders. The larger allocation of Award Shares to Mr. LIU Ming Hui accordingly provides targeted incentive for him to devote his efforts to driving the growth of the new business segments, which the Board considers to be a key engine for the Group's expansion and long-term value creation for all Shareholders.

- (b) The grant would not result in over-concentration of economic interest considering that (i) the Award Shares are conditional and not assured. If the Vesting Targets are not achieved, the Award Shares will lapse in full and Mr. LIU Ming Hui will receive no economic benefit; (ii) Mr. LIU Ming Hui is required to pay a Purchase Price of HK\$5.50 per Award Share (aggregating approximately HK\$1,485.0 million), with no financial assistance from the Group. He therefore bears substantial downside risk; (iii) the Award Shares are subject to an additional 2-year lock-up period after vesting, preventing short-term monetisation; (iv) the Directors Conditional Grant is subject to approval by the Independent Shareholders at the SGM, and Mr. LIU Ming Hui, his associates and all core connected persons of the Company are required to abstain from voting in favour on the relevant resolution. This provides an effective safeguard against any concern regarding over-concentration of interest; and (v) when the demanding Vesting Targets are achieved, the resulting growth in the Company's profitability and Shareholder value will directly benefit all Shareholders, including minority Shareholders, through enhanced earnings. The Award Shares therefore serve to incentivise value creation for all Shareholders rather than to concentrate economic benefit in one individual. Additionally, two of the substantial Shareholders of the Company, namely Beijing Enterprises Group Company Limited (holding approximately 23.60% of the total issued Shares, being the largest shareholder of the Company) and First Level Holdings Limited (holding approximately 12.10% of the total issued Shares), have indicated their recommendation to the Shareholders to vote in favour of the ordinary resolutions to approve

LETTER FROM THE BOARD

both the 2026 Share Award Scheme and the Directors Conditional Grants at the SGM. This demonstrates that the Company's two substantial Shareholders are supportive of the allocation ratios under the Directors Conditional Grants, including the allocation to Mr. LIU Ming Hui.

The Remuneration Committee is of the further view that the five-fold differential between Mr. LIU Ming Hui and Mr. HUANG Yong is fair and reasonable having regard to their respective disclosed roles given that (i) upon assessment of the breadth of responsibilities, the Remuneration Committee noted that Mr. LIU Ming Hui simultaneously serves as chairman of the Board and president of the Group, overseeing the entirety of the Group's operations, strategy and governance, and chairing the Executive Committee and Nomination Committee. Mr. HUANG Yong's role as executive president, whilst senior, thus involves a more focused mandate on strategy formulation, new business investment and risk supervision under the overall direction of Mr. LIU Ming Hui. The Remuneration Committee considered this distinction to be material and to justify a significant differential in allocation; (ii) the Remuneration Committee took into account the comparable transactions analysis set out in the IFA Letter, which reviewed 19 comparable grants identified on a best-effort basis. The Independent Financial Advisor's analysis indicated that: (I) the largest allocation of award shares or restricted share units granted to each executive director under the comparable grants ranged from 0.14% to 5.98% of the total issued share capital of the respective listed issuer (the "**Executive Director Allocation Range**"); (II) Mr. LIU Ming Hui's allocation of approximately 4.96% of the issued Shares falls within the Executive Director Allocation Range; (III) the implied value of the Directors Conditional Grants to Mr. LIU (being approximately 1.14% of the Company's market capitalisation) falls within the implied value range of 0.13% to 5.98% observed among the comparable grants and is below the mean of 1.29%; and (IV) the Purchase Price of HK\$5.50 per Award Share for Mr. LIU Ming Hui (representing a discount of approximately 23.08% to the closing price per Share on date of grant) is materially more favourable to the Company than 14 out of 19 comparable grants which had nil purchase price and 3 of which had only a nominal purchase price of RMB1.0 per award share. The Remuneration Committee considered that these findings support the conclusion that the five-fold differential is consistent with, and in certain respects more stringent than, prevailing market practice; and (iii) taking into account that Mr. LIU Ming Hui's Award Shares are subject to an additional 2-year lock-up period after vesting and a higher Purchase Price, which is not imposed on Mr. HUANG Yong or any other grantees under the Directors Conditional Grants, these impose a longer-term alignment obligation on Mr. LIU Ming Hui, further justifying his larger allocation.

Reasons for the Proposed Adoption of 2026 Share Award Scheme and the Directors Conditional Grants

The Company is committed to fostering cohesion within its leadership team whilst ensuring alignment with the interests of its Shareholders, which is essential to driving the Group's business development. The Grantees comprise individuals who are central to the Group's executive management and strategic direction, and who are dedicated to upholding the established values of the Company.

LETTER FROM THE BOARD

In addition to operational excellence, the executive leadership's extensive experience and industry expertise across the Group's diversified business portfolio provides an unparalleled operational leadership, which the Board considers essential to steering the Group towards long-term, sustainable growth.

The Board also recognises that the successful transformation and development of the Group and the smooth realization of its launch of second venture require core management, employees and founders to maintain firm strategic determination, proactive sense of responsibility in problem-solving, and sense of accountability to create new growth drivers. A scientific incentive plan that closely aligns the interests of the team with the Group's development can effectively stimulate the team's initiative, creativity and responsibility, thereby facilitating the achievement of the Group's long-term sustainable development goals.

In determining the adoption of the 2026 Share Award Scheme and the Directors Conditional Grants, the Board has taken into account various alternative incentive channels, including but not limited to cash bonuses, stock options and other forms of remuneration commonly adopted under prevailing industry practices. The Board is of the view that the 2026 Share Award Scheme and the Directors Conditional Grants are the most suitable mechanism among such alternatives, having regard to the following considerations:

- alignment of interests: Award Shares directly link the value of the participants' remuneration to the long-term performance of the Group, thereby aligning their interests with those of the Shareholders;
- market competitiveness: the adoption of the 2026 Share Award Scheme enables the Company to remain competitive in attracting and retaining high-calibre talent in the industry, as equity-based incentives are widely adopted by peer companies;
- capital management: compared with cash-based incentives, the 2026 Share Award Scheme allows the Company to conserve cash resources while still providing meaningful remuneration to participants. The Company will receive cash of up to HK\$2,445,000,000 upon vesting and taking up of all the Award Shares by the Grantees under the Directors Conditional Grants;
- performance orientation: the vesting target under the Directors Conditional Grants incorporates performance-based criteria, ensuring that vesting are contingent upon the achievement of measurable targets, which enhances accountability and drives operational excellence; and
- retention and motivation: the vesting conditions under the Directors Conditional Grants provide a strong incentive for the relevant Directors under the Directors Conditional Grants to remain with the Company and to contribute to its sustainable growth.

LETTER FROM THE BOARD

Meanwhile, the Group's new business segments need to continuously attract diversified and scarce professional talents, but the traditional salary and assessment mechanism has its limitations. Equity incentives serve as an effective tool to attract industry professionals, orienting them towards the Group's long-term value creation. By fostering a "stakeholder" mindset that encourages proactive innovation and breakthrough thinking, equity incentives help enhance both the efficiency and effectiveness of new business development.

It is important to award equity incentives to Directors to deepen their commitment to the Group's objectives, strengthen independent oversight, and enhance the transparency and accountability of the Group.

Unlike other share award schemes adopted by other Hong Kong listed companies, which typically may not require participants to pay any purchase price, the Board considers that the imposition of a fixed Purchase Price serves to reinforce alignment between participants and shareholders by ensuring that participants share in the risk of share price fluctuations.

The Board further considers that when the demanding Vesting Targets are achieved, the resulting growth in the Company's profitability and Shareholder value will directly benefit all Shareholders, including minority Shareholders, through enhanced earnings.

Accordingly, the Board is of the opinion that each of the Directors Conditional Grants is conducted on normal commercial terms, the terms of the Directors Conditional Grants and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information on New Business Segments

China Gas embodies its strategic transformation from traditional energy services to a smart and clean energy ecosystem operator. To achieve this target, the Group has recently launched several new businesses, including electricity and new energy, and biomass energy, being the two core segments.

Electricity and new energy business is empowered by technology and aligned with China's national "Dual Carbon" goals and the development of a new-type power system, China Gas positions itself as a "Green City Operator". At the technological forefront, the Group's proprietary "Energy Brain" digital platform intelligently aggregates and dispatches multi-modal distributed energy assets (including rooftop solar, power storage, and EV charging stations), enabling electricity trading and power demand response programs to unlock diversified revenue streams. China Gas is also incubating emerging businesses such as industrial energy efficiency and Organic Rankine Cycle (ORC) systems to cultivate new tech-driven growth engines. Recognizing the grid instability caused by the intermittency of renewable generation, China Gas has seized this global challenge as an opportunity. The Group is now exporting its "multi-modal integration" model to Europe, offering tailored solutions in scenarios such as "power retailing + solar + storage".

LETTER FROM THE BOARD

The Group's biomass energy has established a dual-track system of mature solutions and innovative solutions. Mature solutions include biomass heating, cogeneration (CHP), hot air supply, thermal oil supply and renewable natural gas. By replacing traditional coal and natural gas, these solutions help customers achieve cost reduction, operational efficiency, and carbon abatement simultaneously, cover multiple industrial and civil fields, and support customers in upgrading their energy structure. The innovative pyrolysis polygeneration solution is centered on self-developed new biomass polygeneration equipment. A single unit can simultaneously produce high-quality biomass charcoal, zero-carbon gas and green vinegar liquid. When equipped with dedicated gas generators, gas boilers and other supporting facilities, it can further generate green electricity and green steam, realizing the co-production of "zero-carbon steam + green electricity + zero-carbon gas + biomass charcoal + green vinegar liquid". The Group has launched multiple demonstration projects in key domestic regions, as well as in Southeast Asia, laying a solid foundation for the Group's large-scale expansion in the future.

The Group's new business segments are currently intended to be developed primarily through greenfield projects rather than through acquisitions.

Shares available for future grant

As at the Latest Practicable Date, there are 5,448,152,741 Shares in issue. Assuming that there will be no change in the total number of Shares in issue between the date hereof and the date of the SGM and that the adoption of the 2026 Share Award Scheme is approved by the Shareholders, 544,815,274 Shares are available for grant under the Plan Mandate Limit on grants of awards and options over Shares to be issued and allotted by the Company under the 2026 Share Award Scheme and any other Share Schemes. The Directors Conditional Grants will be satisfied by issuance of new Shares within the Plan Mandate Limit. Subsequent to the Directors Conditional Grants, the number of Shares to be issued and allotted for future grants under the Plan Mandate Limit for the 2026 Share Award Scheme and any other Share Schemes is 82,815,274 Shares. The Company intends to utilize such available Plan Mandate Limit to grant incentives to, among others, the directors and employees of the members of the Group who contribute to the growth and development of the Group.

LISTING RULES IMPLICATIONS

The 2026 Share Award Scheme

The 2026 Share Award Scheme, if adopted, will constitute a share scheme involving the grant of new Shares under Rule 17.02 to Rule 17.11 of the Listing Rules. Pursuant to Rule 17.02(1)(a) of the Listing Rules, the adoption of the 2026 Share Award Scheme will be subject to, among others, the approval of the Shareholders at the SGM.

LETTER FROM THE BOARD

The Directors Conditional Grants

Pursuant to Rule 17.04(2) of the Listing Rules, where any grant of award shares (excluding grant of options) to a Director (other than an independent non-executive Director) or a chief executive of the Company, or any of its associates would result in the shares issued and to be issued in respect of all award shares granted (excluding any award shares lapsed in accordance with the terms of the share award scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the issued Shares (excluding treasury shares), such further grant of award shares must be approved by Shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules, that is, the Company will send a circular to the Shareholders, and such Selected Participant, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

Pursuant to Rule 17.04(3) of the Listing Rules, where any grant of options or award shares to an independent non-executive Director or a substantial Shareholder of the Company, or any of its associates, would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued Shares (excluding treasury shares), such further grant of options or awards must be approved by Shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules.

Pursuant to Rule 17.03D(1) of the Listing Rules, where any grant of options or awards to a participant would result in the shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of issued Shares, such grant must be separately approved by Shareholders in general meeting with such participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting.

As the total number of Shares to be issued in respect of the Award Shares conditionally granted to each of the Directors under the corresponding Directors Conditional Grants would, in a 12-month period up to and including the date of such grant, represent over 0.1% of the Shares in issue, each of the Directors Conditional Grants is subject to the approval by the Independent Shareholders at the SGM pursuant to Rule 17.04(2).

In addition, in respect of the Directors Conditional Grants to each of Mr. LIU Ming Hui, Dr. LIU Chang and Dr. LIU Mingxing, given that Mr. LIU Ming Hui is a substantial Shareholder and each of Dr. LIU Chang and Dr. LIU Mingxing, by virtue of family relationship, is an associate of Mr. LIU Ming Hui, the Directors Conditional Grants to each of Mr. LIU Ming Hui, Dr. LIU Chang and Dr. LIU Mingxing is subject to the approval by the Independent Shareholders at the SGM pursuant to Rule 17.04(3). The Directors Conditional Grant to Mr. LIU Ming Hui is also subject to the approval by the Independent Shareholders at the SGM pursuant to Rule 17.03D(1).

All the Directors under the Directors Conditional Grants (by virtue of being core connected persons of the Company) and his/her associates, and all core connected persons of the Company, shall abstain from voting in favour on the resolutions of the Directors Conditional Grants at the SGM pursuant to Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

SGM

The Company will convene a SGM for the Shareholders to consider and, if thought fit, to approve the resolutions in relation to the 2026 Share Award Scheme and the Directors Conditional Grants.

A notice convening the SGM to be held at China Gas Building, 188 Meiyuan Road, Luohu District, Shenzhen, Guangdong Province, China at 10:00 a.m. on Wednesday, 24 June 2026 is set out on pages SGM-1 to SGM-3 of this circular.

Shareholders whose names appear on the Company's register of members on Wednesday, 24 June 2026, will be eligible to attend and vote at the SGM. The register of members of the Company will be closed from Thursday, 18 June 2026 to Wednesday, 24 June 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to determine the identity of Shareholders who are entitled to attend and vote at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on Wednesday, 17 June 2026.

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.chinagasholdings.com.hk>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any resolution put to the vote of the Shareholders at a general meeting shall be decided on a poll except where the chairperson of the SGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Any Shareholders or their respective associates with a material interest in the proposed adoption of the 2026 Share Award Scheme and the Directors Conditional Grants shall abstain from voting at the SGM.

LETTER FROM THE BOARD

All the Directors under the Directors Conditional Grants (by virtue of being core connected persons of the Company) and his/her associates, and all core connected persons of the Company, shall abstain from voting in favour on the resolutions of the Directors Conditional Grants at the SGM pursuant to Chapter 17 of the Listing Rules. As at the Latest Practicable Date, save for the interests under the Directors Conditional Grants, for the purpose of Part XV of the Securities and Futures Ordinance, save as disclosed below, none of the Directors under the Directors Conditional Grants is interested or deemed to be interested in the Shares:

Directors' interests in the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage (%) ⁽¹⁾
Mr. LIU Ming Hui ⁽²⁾	Personal and corporate	735,102,328	13.49
Mr. HUANG Yong ⁽³⁾	Personal	164,783,200	3.02
Mr. ZHU Weiwei	Personal	6,000,000	0.11
Dr. LIU Mingxing	Personal	800,000	0.01

Notes:

- The percentage was calculated on the basis of 5,448,152,741 Shares in issue as at the Latest Practicable Date and is rounded to nearest 2 decimal places.
- Mr. LIU Ming Hui was deemed to be interested in a total of 735,102,328 Shares, comprising:
 - 300,471,228 Shares beneficially owned by Mr. LIU Ming Hui;
 - 334,631,000 Shares beneficially owned by Joint Coast Alliance Market Development Limited ("**Joint Coast**"), a company wholly-owned by Mr. LIU Ming Hui directly; and
 - 100,000,000 Shares beneficially owned by China Gas Group Limited, which was owned as to 50% by Joint Coast, a company wholly-owned by Mr. LIU Ming Hui directly.
- Mr. HUANG Yong was deemed to be interested in a total of 164,783,200 Shares, comprising:
 - 164,013,200 Shares beneficially owned by Mr. HUANG Yong; and
 - 770,000 Shares held by Ms. ZHAO Xiaoyu, the spouse of Mr. HUANG Yong.

Save as disclosed above, to the best knowledge, information and belief of the Board, as at the Latest Practicable Date, no other Shareholder will be required to abstain from voting on the resolutions for approving the 2026 Share Award Scheme and the Directors Conditional Grants at the SGM.

GENERAL

The SGM will be convened for the purpose of, among other things, obtaining Independent Shareholders' approval for the 2026 Share Award Scheme and the Directors Conditional Grants.

Emperor Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Shareholders in relation to the fairness and reasonableness of the transactions contemplated under the Directors Conditional Grants.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the 2026 Share Award Scheme and the Directors Conditional Grants are fair and reasonable, and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the 2026 Share Award Scheme, the Directors Conditional Grants and the transactions contemplated thereunder. In addition, two of the substantial Shareholders, namely Beijing Enterprises Group Company Limited and First Level Holdings Limited, have indicated to the Company their recommendation to the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the 2026 Share Award Scheme, the Directors Conditional Grants and the transactions contemplated thereunder.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 53 to 79 of this circular, which contains its advice to the Independent Shareholders in relation to the Directors Conditional Grants and the transactions contemplated thereunder and reasons considered by it in arriving at its opinion; and the additional information set out in Appendix I to this circular.

Yours faithfully,
On behalf of the Board
China Gas Holdings Limited
LIU Ming Hui
Chairman and President

* For identification purposes only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



英皇企業融資有限公司
Emperor Corporate Finance Limited

4 June 2026

To the Independent Shareholders of China Gas Holdings Limited

Dear Sirs,

DIRECTORS CONDITIONAL GRANTS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Shareholders in respect of the Directors Conditional Grants, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 4 June 2026 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As stated in the announcements of the Company dated 17 April 2026 and 10 May 2026 in respect of the Directors Conditional Grants, on 17 April 2026, conditional upon the Shareholders approving the adoption of the 2026 Share Award Scheme at the SMG, the Company conditionally granted Award Shares to certain Directors (the “**Director Grantees**”) under the 2026 Share Award Scheme, subject to the approval by the Independent Shareholders at the SGM.

As the total number of Shares to be issued in respect of the Award Shares conditionally granted to each of the Directors under the corresponding Directors Conditional Grants would, in a 12-month period up to and including the date of such grant, represent over 0.1% of the Shares in issue, each of the Directors Conditional Grants is subject to the approval by the Independent Shareholders at the SGM pursuant to Rule 17.04(2).

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships with or interests in the Group, the Director Grantees, the Directors or any other parties that could reasonably be regarded as relevant to our independence. In the last two years prior to the Latest Practicable Date, except for acting as the independent financial advisor in relation to amendment agreement dated 15 November 2024 entered into between the Company and Mr. LIU Ming Hui and Mr. Mr. HUANG Yong (details of which are disclosed in the Company’s circular dated 29 November 2024), there was no engagement between the Company and us. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we had received or will receive any fees or benefits from the Company. Accordingly, we consider that we are independent from the Company pursuant to the requirements under Rule 13.84 of the Listing Rules and therefore we are eligible to give independent advice to the Independent Shareholders in respect of the Directors Conditional Grants.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

We have performed relevant procedures and steps which we deemed necessary in forming our opinions to the Independent Shareholders. These procedures and steps include, among other things, review of relevant documents as well as information provided by the Company and verified them, to an extent, with the relevant public information, statistics and market data, industry guidelines and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group (the “**Management**”). The documents reviewed include, but are not limited to, the Scheme Rules, the annual report of the Company for the year ended 31 March 2024 (the “**2024 Annual Report**”), the annual report of the Company for the year ended 31 March 2025 (the “**2025 Annual Report**”) and the interim report of the Company for the six months ended 30 September 2025 (the “**2025/26 Interim Report**”). We have assumed that all statements of belief, opinion, expectation and intention made by the Directors and/or the Management were reasonably made after due enquiry and careful consideration. We have no reason to suspect any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts provided by the Company and/or Management, or the reasonableness of the opinions expressed by the Company, the Management and/or the Directors, which have been provided to us. We have assumed that no material facts have been withheld or omitted from the information provided by the Company and/or the Management and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management, nor have we conducted any form of an in-depth investigation into the business and affairs or future prospects of the Group, the Directors or their respective subsidiaries or associates (if applicable). In addition, we have not considered the taxation implication on the Group or the Shareholders as a result of the Directors Conditional Grants.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Directors Conditional Grants, we have considered the following principal factors and reasons.

1. Information of the Group

As disclosed in the 2025/26 Interim Report, the Group is one of China’s largest trans-regional, integrated energy suppliers and service providers. Focusing on China, it is primarily engaged in the investment, construction, and operations of city and township gas pipelines, gas terminals, storage and transportation facilities, and gas logistics systems to deliver

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

natural gas and liquefied petroleum gas (“LPG”) to residential, industrial and commercial users. The Group also builds and operates compressed natural gas (CNG)/liquefied natural gas (LNG) fueling stations while developing and applying natural gas and LPG technologies.

Financial performance

Set out below is a summary of the audited financial information of the Group for (i) three years ended 31 March 2025 (“FY2023”, “FY2024” and “FY2025” respectively), as extracted from the 2024 Annual Report and 2025 Annual Report; and (ii) for six months ended 30 September 2024 and 2025 (“6M2024” and “6M2025” respectively), as extracted from the 2025/26 Interim Report:

	For the year ended 31 March			For 6 months ended	
	2025	2024	2023	30 September	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue (by segment)					
Sales of natural gas	49,049,432	52,444,694	57,550,916	20,381,866	19,641,836
Gas connection and engineering design and construction	5,391,815	5,552,166	6,776,066	3,161,112	3,335,525
Sales of LPG	19,575,477	17,980,918	22,499,530	8,382,600	9,557,976
Value-added services	3,731,560	3,654,898	3,455,031	2,019,554	2,012,995
Other businesses	1,509,725	1,777,457	1,706,902	535,949	556,870
Total revenue	79,258,009	81,410,133	91,988,445	34,481,081	35,105,202
Gross Profit for the year/period	11,263,173	11,304,123	12,034,675	5,505,527	5,855,695
Profit for the year / period	4,189,979	3,852,887	5,114,424	1,768,085	2,263,915

FY2024 as compared to FY2023

According to the 2024 Annual Report, the revenue of the Group decreased by approximately HK\$10,578.3 million, or approximately 11.5%, from approximately HK\$91,988.4 million for FY2023 to approximately HK\$81,410.1 million for FY2024, which was mainly attributable to decrease in sale of both natural gas and LPG and revenue from gas connection which was driven by a sluggish economic environment, particularly in the industrial and property sector, where shrinking industrial output led to lower gas consumption and less gas connection revenue. The gross profit of the Group decreased from approximately HK\$12,034.7 million for FY2023 to approximately HK\$11,304.1 million for FY2024, while the gross profit margins increased slightly from approximately 13.1% to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately 13.9% mainly due to the gradual implementation of the price pass-through mechanism, and thereby increase the gross profit margin. The Group recorded a profit of approximately HK\$3,852.9 million for FY2024, representing a decrease of approximately 24.7% as compared to approximately HK\$5,114.4 million in FY2023. The decrease was primarily attributable to the combined effect of (i) decrease in revenue as discussed above, (ii) the increase in finance costs by 14.4% as the results of the increase in average finance costs of US dollar and Hong Kong dollar debt; and (iii) recorded other losses of approximately HK\$764.0 million for FY2024 as compared to other gains of approximately HK\$344.5 million for FY2023.

FY2025 as compared to FY2024

According to the 2025 Annual Report, the revenue of the Group decreased by approximately HK\$2,152.1 million, or approximately 2.6%, from approximately HK\$81,410.1 million for FY2024 to approximately HK\$79,258.0 million for FY2025, mainly attributable to decreases in sales of natural gas and gas connection and engineering design and construction, partially offset by growth in sales of LPG (up 8.9% to HK\$19,575.5 million), driven by a sluggish economic environment and real estate downturn impacting user acquisition and gas volumes. The gross profit of the Group decreased slightly from approximately HK\$11,304.1 million for FY2024 to approximately HK\$11,263.2 million for FY2025, while the gross profit margin increased from approximately 13.9% to approximately 14.2%, mainly due to continued optimisation of the Group's gas sourcing and cost structure and the further implementation of the gas price pass-through and linkage mechanisms, which improved overall operating efficiency.

The Group recorded a profit of approximately HK\$4,190.0 million for FY2025, representing an increase of approximately 8.7% as compared to approximately HK\$3,852.9 million for FY2024, primarily due to the combined effect of (i) the relatively stable gross profit despite the decrease in revenue, (ii) a decrease in finance costs of approximately 15.1% as a result of a lower average finance cost in a declining interest rate environment, and (iii) other losses of HK\$163.6 million for FY2025 as compared to other losses of HK\$764.0 million for FY2024, mainly attributable to impairment losses on trade receivables and contract assets partially offset by gains on disposal and winding up of subsidiaries, disposals of interests in associates and net foreign exchange gains, which together with the other positive factors more than offset the pressure from lower turnover.

6M2025 as compared to 6M2024

According to the 2025/26 Interim Report, the revenue of the Group decreased by approximately HK\$624.1 million, or approximately 1.8%, from approximately HK\$35,105.2 million for 6M2024 to approximately HK\$34,481.1 million for 6M2025. This decline was mainly attributable to decreases in sales of LPG and gas connection and engineering design and construction, partially offset by growth in sales of natural gas up 3.7% to HK\$20,381.9 million. The decrease was driven by both challenging external and domestic environment such as sluggish real estate impacting user growth, and softer domestic natural gas demand. The gross profit of the Group decreased by approximately HK\$350.2 million, or approximately 6.0%, from approximately HK\$5,855.7 million for 6M2024 to approximately HK\$5,505.5 million for 6M2025, while the gross profit margin

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

decreased slightly from approximately 16.7% to approximately 16.0%. This was mainly due to higher cost pressures amid declining volumes in key segments like LPG and pipeline retail sales, partially mitigated by price pass-through mechanisms and upstream procurement optimization.

The Group recorded a profit of approximately HK\$1,768.1 million for 6M2025, representing a decrease of approximately 21.9% as compared to approximately HK\$2,263.9 million for 6M2024. This was primarily due to lower gross profit from revenue contraction and volume declines, and reduced share of results from associates down 40.2% to HK\$153.4 million, which more than offset stable finance costs and steady joint venture contributions, amid resilient demand diversification.

Financial position

Set out below is a summary of the consolidated assets and liabilities of the Group as at 30 September 2025 as extracted from the 2025/26 Interim Report:

	As at 30 September 2025 HK\$'000 (unaudited)
Total assets	
– Non-current assets	104,031,353
– Current assets	48,205,659
Total liabilities	
– Non-current liabilities	42,256,530
– Current liabilities	46,559,151
Net current asset	1,646,508
Net assets	63,421,331
Equity attributable to owners of the Company	56,028,069

As at 30 September 2025, the non-current assets of the Group mainly comprised of (i) property, plant and equipment of approximately HK\$69,831.3 million; (ii) investments in joint ventures of approximately HK\$10,792.4 million; (iii) investments in associates of approximately HK\$9,884.1 million; (iv) other intangible assets of approximately HK\$2,981.2 million; (v) goodwill of approximately HK\$3,036.1 million; (vi) investment properties of approximately HK\$2,529.6 million; and (vii) right-of-use assets of approximately HK\$2,294.8 million. Meanwhile, the Group's current assets, which amounted to approximately HK\$48,205.7 million, mainly comprised of (i) trade and other receivables of approximately HK\$16,384.8 million; (ii) contract assets of approximately HK\$11,614.2 million; (iii) cash and cash equivalents of approximately HK\$12,707.1 million; and (iv) amounts due from joint ventures of approximately HK\$3,279.1 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 30 September 2025, the Group's non-current liabilities of approximately HK\$42,256.5 million mainly comprised of (i) bank and other borrowings due after one year of approximately HK\$40,858.2 million; and (ii) deferred tax liabilities of approximately HK\$1,274.4 million. Meanwhile, the current liabilities of the Group, which amounted to approximately HK\$46,559.2 million as at 30 September 2025, mainly comprised of (i) bank and other borrowings due within one year of approximately HK\$22,010.0 million; (ii) trade and other payables of approximately HK\$16,106.0 million; and (iii) contract liabilities of approximately HK\$7,317.6 million.

As at 30 September 2025, the consolidated net current assets and net assets of the Group were approximately HK\$1,646.5 million and HK\$63,421.3 million respectively. The Group's current ratio, which was calculated by dividing its current assets with its current liabilities, was approximately 1.04 times as at 30 September 2025.

2. Information of the Director Grantees

Based on the information available, set out below are the background information of the Director Grantees:

Mr. LIU Ming Hui ("Mr. LIU")

Mr. LIU Ming Hui is the chairman of the board of Directors and the president of the Group. He is also the chairman of the Executive Committee and the Nomination Committee, and a vice chairman of the Sustainability Committee. Mr. LIU is a founder of the Group. He first joined the Company as a Director in April 2002, serving as non-executive Director until July 2002, then as executive Director and managing director until April 2011 and January 2011 respectively, before being re-appointed as managing director and president, and serving as non-executive Director in August 2012 and then as executive Director in September 2012. Mr. LIU is responsible for overall strategic planning, new business development and sustainability works. Mr. LIU also performs the functions of chief executive officer under the current organisation structure of the Company and is central to the Group's strategic direction and long-term vision. Mr. LIU has extensive experience in the infrastructure and energy industry in China. As at the Latest Practicable Date, Mr. LIU is deemed to be interested in approximately 13.49% of the equity interest in the Company.

Mr. HUANG Yong ("Mr. HUANG")

Mr. HUANG Yong is the executive president of the Group and a member of the Executive Committee and the Nomination Committee. Mr. HUANG is a founder of the Group. He first joined the Company in 2002 and has been serving as executive president since then. He was appointed as an executive Director in June 2013. He is responsible for the formulation and implementation of the Group's overall strategies and plans, investment and research on the new business and supervision of risk control. Mr. HUANG has extensive experience in legal affairs and corporate management. As at the Latest Practicable Date, Mr. HUANG is deemed to be interested in approximately 3.02% of the equity interest in the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Mr. ZHU Weiwei (“Mr. ZHU”)

Mr. ZHU Weiwei is the chief operating officer of the Group and a member of the Executive Committee. He was appointed as an executive Director in September 2002. Mr. ZHU oversees the Group’s daily operations including financing, capital management, tendering, procurement, supply chain, management of regional operation centres, investment, strategy development and corporate management. Mr. ZHU has substantial experience in capital and corporate management. As at the Latest Practicable Date, Mr. ZHU holds approximately 0.11% of the issued share capital of the Company.

Dr. LIU Chang

Dr. LIU Chang is a vice president of the Group, responsible for the value-added services segment, digitalisation development, electricity and new energy business, legal affairs, corporate finance, and investor relations. Dr. LIU Chang plays a key role in the Group’s business diversification and new growth areas such as value-added services business. She was appointed as an executive Director in April 2020. She is a member of the Executive Committee, deputy general manager of the Capital Management Centre and the Office of the Board, and chairperson of Yipin Smart Living Technology Limited.

Dr. LIU Mingxing

Dr. LIU Mingxing is an executive Director, a member of the Corporate Governance and Risks Control Committee (the “**CGRC Committee**”), the chief economist and the chief investment officer of the Group, the chairman of the strategic development committee of the Company and the chairman of the science and technology committee of the Company, responsible for development and research of the new energy business segment and provides economic and strategic advisory support to the Group. He was appointed as a non-executive Director in July 2014 and re-designated as an executive Director in August 2025. He has substantial experience in finance and economics and has provided policy advisory services to various government bodies and international organisations. As at the Latest Practicable Date, he holds approximately 0.01% of the issued share capital of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. The Directors Conditional Grants

On 17 April 2026, conditional upon the Shareholders approving the adoption of the 2026 Share Award Scheme at the SGM, the Company conditionally granted Award Shares to Director Grantees under the 2026 Share Award Scheme, subject to the approval by the Independent Shareholders at the SGM.

Details of the Directors Conditional Grants

Date of conditional grant	:	17 April 2026
Total number of Shares to be issued upon vesting of the Award Shares under the Directors Conditional Grants	:	462,000,000 Shares, representing approximately 8.48% of the total issued Shares as at the Latest Practicable Date; and approximately 7.82% of the total issued Shares as enlarged by the allotment and issuance of the Award Shares under the Directors Conditional Grants
Purchase price of the Award Shares	:	For Mr. LIU: The purchase price for Mr. LIU's Award Shares (the "LIU Purchase Price") is HK\$5.50 per Award Share and represents: (i) a discount of approximately 23.1% to the closing price of HK\$7.15 per Share as quoted on the Stock Exchange on 17 April 2026, being the last trading day of the Shares immediately before the Directors Conditional Grants (the "Last Trading Day"); (ii) a discount of approximately 24.3% to the average closing price of approximately HK\$7.27 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the Last Trading Day; (iii) a discount of approximately 24.3% to the average closing price of approximately HK\$7.27 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the Last Trading Day; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) a discount of approximately 27.5% to the average closing price of approximately HK\$7.59 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to the Last Trading Day

For Director Grantees other than Mr. LIU:

The Purchase price for the Director Grantees (other than Mr. LIU) (the “**General Purchase Price**”, together with the LIU Purchase Price, the “**Purchase Price**”) is HK\$5.00 per Award Share and represents:

- (i) a discount of approximately 30.1% to the closing price of HK\$7.15 per Share as quoted on the Stock Exchange on 17 April 2026, being the Last Trading Day;
- (ii) a discount of approximately 31.2% to the average closing price of approximately HK\$7.27 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the Last Trading Day;
- (iii) a discount of approximately 31.2% to the average closing price of approximately HK\$7.27 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the Last Trading Day; and
- (iv) a discount of approximately 34.1% to the average closing price of approximately HK\$7.59 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to the Last Trading Day

Market price of the : HK\$7.15 per Share
Shares on the date
of the conditional
grants

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Vesting period : Subject to the fulfilment of the Vesting Targets, all the Award Shares granted shall vest in instalments over two calendar years, with vesting rate of 50% for each instalment. The first instalment may be made at any time within the calendar year in which the Vesting Targets have been attained, and the second instalment comprising the remaining 50% of the Award Shares, may be made at any time in the next calendar year following the first instalment
- Vesting Targets : The Awards granted to each Grantee under the corresponding Directors Conditional Grants shall vest in him/her subject to satisfaction of the vesting conditions set out below (the “**Vesting Targets**”)

By using the Group’s audited profit attributable to Shareholders (excluding share-based payment expenses and other gains and losses) for the financial year ending 31 March 2026 as the base figure, the following targets must be achieved:

Annual Target: the Group’s audited profit attributable to Shareholders (excluding share-based payment expenses and other gains and losses) for each of the five consecutive financial years from financial year 2027 to financial year 2031 (each ending 31 March) must increase by not less than 15% year-on-year;

Ultimate Target: the Group’s audited profit attributable to Shareholders (excluding share-based payment expenses and other gains and losses) for the financial year ending 31 March 2031 must have increased by not less than 101.14% cumulatively compared to the base figure for the financial year ended 31 March 2026; if any of the Group audited annual results confirm that such ultimate growth target has been achieved before the end of the assessment period, the performance vesting condition shall be deemed to have been satisfied early

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Either the annual target or the ultimate target being achieved shall satisfy the Vesting Targets, and achievement thereof shall be determined by reference to the formal audit report issued by a qualified practising auditor in Hong Kong engaged by the Company

Lock-up period : **For Mr. LIU:**

Award Shares granted to Mr. LIU are subject to a two-year lock-up period upon vesting

For Director Grantees other than Mr. LIU:

Nil

Clawback mechanism : The Award Shares granted but not yet vested under the Directors Conditional Grants shall, among others, automatically lapse forthwith in the event that:

- (i) the Grantee terminates employment before completing 3 years of service, whether voluntary or involuntary, except for dismissal due to the Company's fault;
- (ii) the Grantee commits any misconduct;
- (iii) the Vesting Targets not being ultimately achieved; or
- (iv) other applicable requirements as determined by the Board or the Committee as its sole and absolute discretion

Financial assistance : There are no arrangements for the Group to provide financial assistance to any Grantee to facilitate his/her acquisition of the Shares pursuant to the Award Shares conditionally granted

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Number of Award Shares and purchase price for each of the Directors Conditional Grants

		% of issued shares capital of the Company as at the Latest Practicable Date	Purchase Price HK\$	Implied value HK\$'000 (note 1)	Implied value as a percentage of the market capitalisation % (note 2)
	Number of Award Shares				
Executive Directors					
Mr. LIU Ming Hui	270,000,000	4.96%	5.50	445,500	1.14%
Mr. HUANG Yong	54,000,000	0.99%	5.00	116,100	0.30%
Mr. ZHU Weiwei	48,000,000	0.88%	5.00	103,200	0.26%
Dr. LIU Chang	45,000,000	0.83%	5.00	96,750	0.25%
Dr. LIU Mingxing	45,000,000	0.83%	5.00	96,750	0.25%
Total	462,000,000	8.48%		858,300	2.20%

Notes:

1. The implied value was calculated by multiplying the number of Award Shares granted with net closing price per Share (being the closing price of HK\$7.15 per Share as quoted on the Stock Exchange on the date of the Directors Conditional Grants less the respective purchase price).
2. The percentage was calculated by dividing the implied value by the market capitalisation of the Company as at the date of the Directors Conditional Grants.

4. Reasons for and benefits of the Directors Conditional Grants

Market practice on share awards scheme

As advised by the Management, consistent with prevailing market practice among Hong Kong listed companies, the purpose of the 2026 Share Award Scheme are to recognise the contributions of eligible participants (including the Directors), provide them with incentives to achieve performance targets, retain key talent for the continual operation and development of the Group, and thereby promote the maximisation of the Company's value for the benefit of its Shareholders as a whole.

Based on our discussion, the Management is of the view that the 2026 Share Award Scheme and the Directors Conditional Grants could benefit the Company by aligning the interests of participants, including Directors, with Shareholders through fostering a sense of ownership, providing long-term performance incentives, driving value creation, and mitigating short-termism, as vesting of the Award Shares is conditional upon meeting predetermined performance targets of a 15% growth in profit attributable to the Shareholder per annum for five consecutive years or an accumulative 101.14% growth in profit attributable to the Shareholder over five years, thereby linking rewards to sustained growth of the Group and the Shareholders' interests.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our desktop research, share schemes (including both share option scheme and share award scheme) are generally accepted and considered by listed companies as an effective tool to serve the above-mentioned purposes in the Hong Kong capital market. According to the research “*Employee share plan trends and practices in Asia*” conducted by Computershare Limited, a global leader in employee share plan administration with services to over 200 Asian clients, 85.5% of Hong Kong- listed companies in the energy sector have adopted share schemes, exceeding the market average of 84.5%. In respect of share award schemes, according to the same research, it has grown 5.9 times in adoption from 2012 to 2023, with 734 out of 2,609 Hong Kong-listed companies having adopted them. Moreover, mid-sized and large-size companies (by employee size) show a higher propensity for share awards.

Therefore, it is not uncommon for the energy companies listed on the Stock Exchange such as the Company to adopt a share award scheme and grant award shares to its directors as a standard governance practice aligned with Shareholder interests.

Fostering cohesion with leadership team and aligning interests with Shareholders

As disclosed in the Letter of the Board, the purposes of the 2026 Share Award Scheme are to recognise and reward the contributions of Eligible Participants to the growth and development of the Group and to attract suitable personnel for further development of the Group. The Directors Grantees comprise individuals who are central to the Group’s executive management and strategic direction, all having served the Group for over a decade (except for Dr. LIU Chang who has served for over 5 years), which signifies their sustained commitment to driving the growth of the Group over the years. In addition, the Vesting Targets of achieving 15% year-on-year profit growth for five consecutive years, or a significant 101.14% profit growth over the five-year period, emphasise the Group’s determination to maintain leadership cohesion for a long-term, sustainable growth.

Further to our discussion with the Management, the Directors Conditional Grants represent an effective means to recognise the Director Grantees’ past contribution on one hand, and foster cohesion with leadership team for future development of the Group on the other hand. The Board is of the view, and we concur, that the Directors Conditional Grants represent a scientific incentive plan that complementary to the traditional salary and assessment mechanism. It closely aligns the interests of the Director Grantees with the Group’s development, thereby facilitating the achievement of the Group’s long-term sustainable development goals. Awarding equity incentives would align their interests with the Shareholders and deepen their commitment to the Group’s objectives.

Customised number of Award Shares granted to each of the Director Grantees

As set out in the section headed “3. The Directors Conditional Grants – Number of Award Shares and purchase price for each of the Directors Conditional Grants”, we note that the number of Award Shares to be granted to the Director Grantees are differentiated. As advised by the Management, such difference in the number of Award Shares is mainly determined based on an assessment of their respective roles, responsibilities, historical contributions and shareholdings in the context of the Group’s business mix and profitability profile, and that such differentiation aligns with the purposes of the 2026 Share Award

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Scheme to incentivise key talent for Shareholder value creation. The following perspectives illustrate how this differentiation supports interest alignment through business segment focus, leadership continuity and shareholding reinforcement.

Incentives for High-Growth Segment Drivers

The Company considers value-added services and other businesses as emerging profit drivers and future growth engines. These segments have demonstrated increasing importance, with value-added services growing segment profit by 10.6% from HK\$1,582.0 million in FY2024 to HK\$1,749.6 million in FY2025, and other businesses relatively stable from HK\$426.4 million to HK\$407.7 million, collectively representing over 32% of FY2025 segment profit despite less than 7% of revenue. As advised by the Management, such factor was taken into account in determining the number of Award Shares to be granted to (i) Dr. LIU Chang, who is responsible for value-added services, digitalisation, electricity and new energy business; and (ii) Dr. LIU Mingxing, who is responsible for new energy business research and development. The proposed grant to Dr. LIU Chang and Dr. LIU Mingxing provide targeted incentives to sustain momentum in these high-margin areas, thereby ensure the Group's overall earnings growth and resilience.

Continuity of Core Leadership Team

Based on our discussion with the Management, in navigating the Group through the current cyclical challenges, it is essential to retain a core leadership team comprising (i) Mr. LIU as founder, Chairman and President since 2002 (who re-joined in 2012); (ii) Mr. HUANG who joined in 2002 and now as Executive President, and (iii) Mr. ZHU who joined in 2002 and now as chief operating officer. Mr. LIU drives overall strategic planning and new business development; Mr. HUANG formulates strategies and oversees risk control; and Mr. ZHU manages daily operations, financing and investments. Each of Mr. LIU, Mr. HUANG and Mr. ZHU joined the Company in 2002 and served the Group for over two decades, the Directors Conditional Grants represent a mean to retain this early-stage leadership trio, who have steered the Group's evolution from infrastructure-heavy to recurring revenue models, supports continuity amid current competitive pressures in the energy sector.

Reinforcement of Founder's Shareholding

As advised by the Management, the proposed grant to Mr. LIU, the founder and a substantial Shareholder interested in approximately 13.5% of the equity interest in the Company as at the Latest Practicable Date, also represents the Company's aim to reinforce long-term interest alignment. According to publicly available information, Mr. LIU's interest in the Company deemed to be decreased from approximately 17.8% to 13.5% in August 2025 due to the distribution of 4.3% of the Shares owned by China Gas Group Limited, a joint venture company owned as to 50% by Mr. LIU and 50% by Mr. CHIU Tat Jung Daniel, to its shareholders due to the payment of special interim dividend. Such decrease in shareholding interest may raise concerns from investors' perspective as it may create perceptions of reduced "skin in the game", potential management misalignment, or signal diminishing founder commitment. The Directors Conditional Grants, tied to rigorous vesting condition of achieving 15% annual profit growth for five consecutive years or 101.14% cumulative profit growth over five years, partially offsets dilution, re-anchors Mr. LIU's interests to Shareholder value, and reaffirms his commitment without altering control.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Recognition of Supportive Functions

The Company also proposes modest grants to other Director Grantees, acknowledging their supportive roles in core operations such as formulating policies and strategies in relation to the management and business operation of the Company, which foster overall teamwork and organisational stability.

Conclusion

Based on our discussion with the Management, in light of the above considerations on business segment focus, leadership continuity and shareholding reinforcement, the Company proposed to customise the number of Award Shares granted to each of the Director Grantees in the manner set out in the section headed “3. The Directors Conditional Grants”, with commercially rationales and consistent with the purposes of the Share Award Scheme to align key talent incentives with sustained Shareholder value creation. We note the disparity in the number of Award Shares granted to each Director Grantee and the fact that 270,000,000 Award Shares were granted to Mr. LIU, representing majority of the Award Shares granted under the Directors Conditional Grants and approximately 4.96% of the issued share capital of the Company as at the Latest Practicable Date. As advised by the Management, such allocation was attributable to the unparalleled seniority and leadership of Mr. LIU (being the founder, chairman, president and de facto chief executive of the Company) and the reinforcement of Mr. LIU’s shareholding as a substantial Shareholder to align his interests with those of the Shareholders. The larger allocation to Mr. LIU was accompanied by a higher Purchase Price commitment and an additional lock-up restriction safeguarding the interests of the Company and its Shareholders. In assessing the number of Award Shares granted to Mr. LIU, Independent Shareholders should also take into account other factors as set out in this letter including but not limited to the monetary value of the Award Shares and the comparable transactions analysis.

Imposition of fixed purchase price strengthens the Group’s overall financial position

As disclosed in the Letter of the Board and as evidenced by the comparable transaction as set out in the section headed “5. Analyses of Directors Conditional Grants – Comparable transactions analysis” below, the share award schemes adopted by Hong Kong listed companies typically do not require participants to pay any purchase price. On the contrary, the Purchase Price under the Directors Conditional Grants represents a modest discount to the prevailing closing price per Share as quoted on the Stock Exchange, which will provide additional working capital for the Group’s operation and strength the Group’s overall financial position upon the full vesting of the Award Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Assuming the Vesting Targets are met and upon the full vesting of the Award Shares under the Directors Conditional Grants, the aggregate purchase price would amount to approximately HK\$2.4 billion, representing approximately 19.2% of the Group's cash and cash equivalents of approximately HK\$12.7 billion as at 30 September 2025 and approximately 5.1% of the Group's current assets of approximately HK\$48.2 billion as at 30 September 2025. For illustration purposes only, assuming the Award Share under the Directors Conditional Grants were fully vested and the aggregate purchase price were fully paid on 30 September 2025, the current ratio would improve from 1.04 times to 1.09 times.

In addition, as advised by the Management, the higher Purchase Price applicable to Mr. LIU, together with the additional lock-up period, further reinforce his commitment and long-term dedication to the Company as its founder and core strategic decision-maker, and to demonstrate that he will maintain a substantial stake in the Company in the foreseeable future.

Effect on earnings per Share

As set out in the sections headed "3. The Directors Conditional Grants", the Award Shares granted under the Directors Conditional Grants shall vest in the Director Grantees subject to satisfaction of the vesting conditions. In particular, benchmarking with the financial year 2026 figures, the Group's audited profit attributable to the Shareholders (excluding share-based payment expenses and other gains and losses) must achieve a year-on-year growth of not less than 15% for five consecutive financial years or a cumulative growth of not less than 101.14% by 31 March 2031.

Taking into account the allotment and issuance of 462,000,000 Award Shares under the Directors Conditional Grants (representing approximately 8.48% of the total issued Shares as at the Latest Practicable Date), upon the full vesting of the Award Shares under the Directors Conditional Grants and assuming no other change in the number of Shares in issue from the Latest Practicable Date, the earnings per Share of the Company would increase by not less than 85.0%.

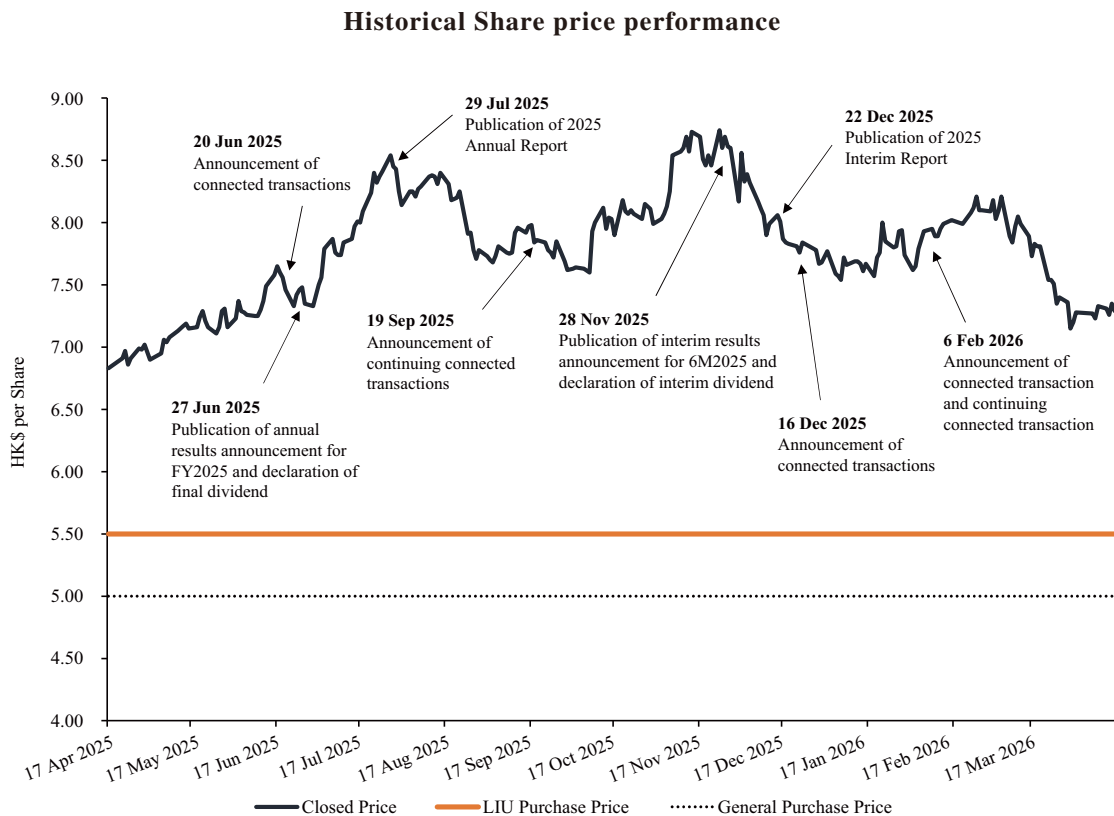
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Analyses of the Directors Conditional Grants

In formulating our opinion in respect of the terms of the Directors Conditional Grants (including the Purchase Price), we have conducted the following analysis:

Historical Share price performance

Set out below is a chart showing the historical daily closing prices of the Share as quoted on the Stock Exchange for the period from 17 April 2025 to 17 April 2026, being the twelve-month period immediately prior to the date of the Directors Conditional Grants (the “**Review Period**”). We consider the Review Period to be reasonably adequate to provide a general overview of the recent trend of the Share price free from the influence of, if any, short term market volatility:



Source: The website of the Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the Review Period, the highest and lowest closing prices of Shares as quoted on the Stock Exchange were HK\$8.74 per Share recorded on 24 November 2025 and HK\$6.83 per Share recorded on 17 April 2025 respectively with an average closing price per Share of approximately HK\$7.81. The LIU Purchase Price and the General Purchase Price represent a discount of approximately 19.5% and 26.8% to the lowest Share prices during the Review Period respectively, and a discount of approximately 29.6% and 36.0% to the average closing price of the Share during the Review Period respectively.

The closing price of the Shares has been experiencing a general increasing trend during the Review Period from the low of HK\$6.83 per Share from the beginning of the Review Period to the highest of HK\$8.74 per Share on 24 November 2025. However, the Independent Shareholders should be aware that the trend of closing prices of the Shares has been in a descending trend since it reached the highest closing price per Share on 24 November 2025 and recorded a closing price of HK\$7.15 per Share on the Last Trading Day. As advised by the Management and confirmed with the Company, save for the interim dividend declared on 28 November 2025 (ex-dividend date: 5 January 2026), the Company do not aware any events or information that led to the recent downward trend.

Despite the recent downward trend of the closing prices of the Shares, the Independent Shareholders should note that both the LIU Purchase Price and the General Purchase Price are below the closing prices of the Shares at all time during the Review Period. In determining the purchase price for the Directors Conditional Grants, the Independent Shareholders should also take into account other factors as set out in this letter including but not limited to the reasons for and benefits of the Directors Conditional Grants and the comparable transactions analysis.

Comparable transactions analysis

As part of our analysis, we have also carried out a comparable analysis on the grant of award shares or restricted share units by companies listed on the Stock Exchange (the “**Comparable Grants**”), based on the criteria that (i) the grants that have issued circular during the twelve-month period prior to the date of the Directors Conditional Grants (i.e. from 17 April 2025 to 17 April 2026) (the “**Comparable Review Period**”), which represents a reasonable and meaningful period to reflect the market conditions; (ii) the award shares or restricted share units were granted under a share scheme in accordance with Chapter 17 of the Listing Rules or Chapter 23 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange; (iii) the award shares or the restricted share units were not granted as part of debt restructuring or group restructuring; and (iv) the award shares or the restricted share units were not granted by companies with weighted voting rights.

Debt restructuring or group restructuring were excluded because these actions can result in substantial changes to the listed issuers’ financial position, operational scale, and control. For instance, often debt restructuring or group restructuring involve change in control the issuer and/or are bundle with other complex transactions at the same time, which would not able provide a direct comparison on effect of the grant of award shares or restricted share units. Similarly, award shares or restricted share units granted by companies with weighted voting rights would have a different dilution effect to the existing shareholders. Excluding those transactions would provide direct comparison between the Comparable Grants and the Directors Conditional Grants.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

A total of 19 Comparable Grants were identified on a best-effort basis that meet the aforesaid selection criteria. Taking into account (i) the number of Comparable Grants covered in the Comparable Review Period which was close to the date of the Directors Conditional Grants such that the Comparable Grants were conducted under similar and recent market conditions and sentiments; and (ii) the Comparable Grants provide a reference on general market practice conducted under a similar market conditions, the Comparable Grants and the twelve-month period set an appropriate basis for our analysis and that the Comparable Grants are considered sufficient and representative to illustrate the recent trend and terms under common market practice.

Nonetheless, the Independent Shareholders should note that the business, operations and financial performance of the listed issuers of the Comparable Grants are not the same as the Company, and we have not conducted any in-depth investigation into the business and operations of respective listed issuers.

Date of circular	Company name	Stock code	Lock-up period	Performance targets	Number of units granted as a percentage of the issued share capital	Largest allocation of award shares/ restricted share units granted to a single executive director as a percentage of the issued share capital	Premium/ (discount) of the purchase price over/to the closing price per shares on date of grant	Implied value of the largest allocation of the award shares/ restricted share units granted to a single executive director	Implied value of the largest allocation of the award shares/ restricted share units granted to a single executive director
								HK\$'000	HK\$'000
					(note 1)	(note 2)		(note 3)	(note 4)
17 Mar 2026	Qing Hua Holding Group Company Limited	8082	No	Yes	1.13%	N/A	(100.00)%	N/A	N/A
						(note 5)	(note 6)	(note 5)	(note 5)
02 Feb 2026	Weimob Inc.	2013	No	Yes	5.91%	3.79%	(100.00)%	282,000	3.79%
							(note 6)		
28 Jan 2026	Zhejiang Taimei Medical Technology Co., Ltd.	2576	No	Yes	10.00%	3.03%	(76.54)%	22,607	2.32%
							(note 7)	(note 7)	(note 7)
08 Jan 2026	Lianlian DigiTech Co., Ltd.	2598	No	No	0.64%	0.40%	(100.00)%	30,279	0.40%
							(note 6)		
02 Dec 2025	Cornerstone Technologies Holdings Limited	8391	No	Yes	9.16%	3.52%	(100.00)%	16,304	3.52%
							(note 6)		
23 Oct 2025	China Kingstone Mining Holdings Limited	1380	No	Yes	5.98%	5.98%	(100.00)%	3,681	5.98%
							(note 6)		
08 Oct 2025	Zylox-Tonbridge Medical Technology Co., Ltd.	2190	No	Yes	2.22%	1.11%	(21.45)%	19,656	0.24%
							(note 8)	(note 8)	(note 8)
29 Sep 2025	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	2196	No	Yes	1.98%	0.18%	(95.44)%	22,769	0.17%
							(note 7, 8)	(note 7, 8)	(note 7, 8)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of circular	Company name	Stock code	Lock-up period	Performance targets	Number of award shares/ restricted share units granted as a percentage of the issued share capital <i>(note 1)</i>	Largest allocation of award shares/ restricted share units granted to a single executive director as a percentage of the issued share capital <i>(note 2)</i>	Premium/ (discount) of the purchase price over/to the closing price per shares on date of grant	Implied value of the largest allocation of the award shares/ restricted share units granted to a single executive director <i>HK\$'000</i> <i>(note 3)</i>	Implied value of the largest allocation of award shares/ restricted share units granted to a single executive director as a percentage of the market capitalisation <i>(note 4)</i>
18 Jul 2025	JL MAG Rare-Earth Co., Ltd.	6680	No	Yes	10.00%	2.64%	(60.25)%	64,200	1.59%
10 Jul 2025	Altus Holdings Limited	8149	No	No	0.36%	0.18%	(100.00)% <i>(note 6, 8)</i>	159 <i>(note 8)</i>	0.18% <i>(note 8)</i>
03 Jul 2025	Shanghai Henlius Biotech, Inc.	2696	No	Yes	1.29%	0.14%	(97.73)% <i>(note 7)</i>	36,832 <i>(note 7)</i>	0.13% <i>(note 7)</i>
12 Jun 2025	VISEN Pharmaceuticals	2561	No	Yes	0.38%	0.38%	(100.00)% <i>(note 6)</i>	20,989	0.38%
10 Jun 2025	Sunny Side Up Culture Holdings Limited	8082	No	Yes	5.96%	1.19%	(100.00)% <i>(note 6)</i>	2,160	1.19%
05 Jun 2025	Synagistics Limited	2562	No	No	2.00%	0.88%	(100.00)% <i>(note 6)</i>	54,784	0.88%
03 Jun 2025	Innovent Biologics, Inc.	1801	No	Yes	0.17%	0.17%	(100.00)% <i>(note 6)</i>	127,235	0.17%
28 May 2025	ANE (Cayman) Inc.	9956	No	Yes	0.47%	0.30%	(100.00)% <i>(note 6)</i>	29,645	0.30%
21 May 2025	Edianyun Limited	2416	No	Yes	0.91%	0.55%	(100.00)% <i>(note 6)</i>	4,838	0.55%
12 May 2025	Laekna, Inc.	2105	No	No	1.18%	0.39%	(100.00)% <i>(note 6)</i>	22,880	0.39%
17 Apr 2025	Yixin Group Limited	2858	No	Yes	1.25%	1.00%	(100.00)% <i>(note 6)</i>	112,176	1.00%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Market range	Largest allocation of award share/ restricted share			Implied value of the largest allocation of award shares/ restricted share	
	Number of award shares/ restricted share units granted as a percentage of the issued share capital	units granted to a single executive director as a percentage of the issued share capital	Premium/ (discount) of the purchase price over/to the closing price per shares on date of grant	Implied value of the largest allocation of the award shares/ restricted share units granted to a single executive director as a percentage of the market capitalisation	Implied value of the largest allocation of award shares/ restricted share units granted to a single executive director as a percentage of the market capitalisation
	(note 1)	(note 2)		HK\$'000 (note 3)	(note 4)
Maximum	10.00%	5.98%	(21.45)%	282,000	5.98%
Minimum	0.17%	0.14%	(100.00)%	159	0.13%
Mean	3.21%	1.43%	(92.18)%	48,511	1.29%
Median	1.29%	0.71%	(100.00)%	22,825	0.47%

Market range (excluding Comparable Grants with nil or nominal purchase price) (note 9)		Premium/ (discount) of the purchase price over/to the closing price per shares on date of grant
Maximum	(21.45)%	
Minimum	(60.25)%	
Mean	(40.85)%	
Median	(40.85)%	

The Company	Lock-up period	Performance targets	Largest allocation of award shares/ restricted share			Implied value of the largest allocation of award shares/ restricted share	
			Number of award shares / restricted share units granted as a percentage of the issued share capital	units granted to a single executive director as a percentage of the issued share capital	Premium/ (discount) of the purchase price over/to the closing price per shares on date of grant	Implied value of the largest allocation of the award shares/ restricted share units granted to a single executive director	Implied value of the largest allocation of award shares/ restricted share units granted to a single executive director as a percentage of the market capitalisation
			(note 1)	(note 2)		HK\$'000 (note 3)	(note 4)
– For Mr. LIU	Yes	Yes	4.96%	4.96%	(23.08)%	445,500	1.14%
– For Director Grantees other than Mr. LIU	No	Yes	3.52%	0.99%	(30.07)%	116,100	0.30%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Source: The website of the Stock Exchange

Notes:

1. The percentage was calculated by dividing the number of award shares or restricted share units by the total number of shares (or H shares only for companies with both A shares and H shares) in issued (excluding treasury shares).
2. The percentage was calculated by dividing the largest allocation of award shares or restricted share units granted to a single executive director by the total number of shares (or H shares only for companies with both A shares and H shares) in issued (excluding treasury shares).
3. The implied value was calculated by multiplying the largest allocation of award shares or restricted share units granted to a single executive director with net closing price per share (being the closing price per share on the date of the respective Comparable Grants less the respective purchase price).
4. The percentage was calculated by dividing the implied value (see note 3) by the market capitalisation of the listed issuer as at the date of the respective Comparable Grants.
5. No award shares or restricted share units were granted to the executive director of the listed issuer.
6. The purchase price for the award shares or restricted share units of these Comparable Grants was nil. For illustrative purpose for this letter only, the purchase price is assumed to be at 100% discount to the closing price per shares on the date of the respective circular.
7. As the purchase price for the award shares or restricted share units in these Comparable Grants was a nominal value of RMB1.0 per award share or restricted share unit. For illustrative purpose of this letter only, conversion of RMB into HK\$ is made at the rate of HK\$1.000 = RMB0.87697.
8. As the grant of these award shares or restricted share units were subject to the adoption of relevant scheme and the grant date was not determined as at the date of the respective circular, the comparison of the purchase price and implied value were made against the closing price per share as quote on the Stock Exchange on the date of the respective circular.
9. As the purchase price for the award shares or restricted share units for 17 out of 19 Comparable Grants was either nil or nominal (see notes 6 and 7), such grants are not considered to reflect actual market consideration and have therefore been excluded from the market range calculation for the purchase price to closing price comparison.

According to the table above, majority of the Comparable Grants was conditional on the fulfilment of specified performance targets, while none imposed lock-up restrictions on the award shares or restricted share units granted. Therefore, the vesting condition of achieving a specified profit growth for the five financial years ending 31 March 2031 for the Directors Conditional Grants is consistent with prevailing market practice. The absence of lock-up restrictions for Director Grantees other than Mr. LIU also align with the observed practice among the Comparable Grants. Despite the fact that the lock-up restriction of two years imposed on the Directors Conditional Grants to Mr. LIU is not observed among the Comparable Grants, the stricter requirement is in favour of the Company and would better align Mr. LIU's interest as discussed in the section headed "4. Reasons for and benefits of the Directors Conditional Grants — Customised number of Award Shares granted to each of the Director Grantee — Reinforcement of Founder's Shareholding".

As illustrated in the table above, the number of award shares or restricted share units granted under the Comparable Grants ranged from 0.17% to 10.00% of the total issued share capital (excluding treasury shares) of the respective listed issuer (the "**Number of Award Shares Range**"). The Directors Conditional Grants involves an aggregate of 462,000,000

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Award Shares to the Director Grantees, representing approximately 8.48% of the issued share capital of the Company, among which approximately 4.96% is proposed to be granted to Mr. LIU. Notwithstanding the fact that the number of Award Shares to be granted under the Directors Conditional Grants (i.e. 8.48%) and the proposed grant to Mr. LIU (i.e. 4.96%) are higher than the mean (i.e. 3.21%) and median (i.e. 1.29%) of the Comparable Grants, it falls within the Number of Award Shares Range.

We note that the 270,000,000 Award Shares conditionally granted to Mr. LIU represents majority of the Award Shares granted under the Directors Conditional Grants and approximately 4.96% of the issued share capital of the Company as at the Latest Practicable Date. According to the table above, the largest allocation of award shares or restricted share unites granted to each executive director under the Comparable Grants ranged from 0.14% to 5.98% of the total issued shares capital (excluding treasury shares) of the respective listed issuer (the “**Executive Director Allocation Range**”). For the Directors Conditional Grants to Mr. LIU, although the number of Award Shares granted to Mr. LIU (i.e. 4.96%) is above the mean (i.e. 1.43%) and median (i.e. 0.71%) of the largest allocation of award shares granted to each executive director among the Comparable Grants, it falls within the Executive Director Allocation Range. For Directors Conditional Grants to Director Grantees other than Mr. LIU, the largest allocation of Award Shares granted to each executive Director (i.e. 0.99%) is below the mean of the Comparable Grants and falls within the Executive Director Allocation Range.

In respect of the purchase price for the award share or restricted share unit, it is noted that the purchases price of 14 out of 19 Comparable Grants was nil, while 3 out of the remaining 5 Comparable Grants were made with a nominal purchase price of RMB1.0 per award share or restricted share unit. In comparison, the purchase price of HK\$5.5 for Mr. LIU and HK\$5.0 for the other Director Grantees represents a materially higher level of consideration, indicating that the terms of the Directors Conditional Grants are comparatively more beneficial to the Company when benchmarked against prevailing market practice, where the majority of similar grants were awarded at no cost or at nominal consideration.

For the remaining 2 Comparable Grants, the purchase price represents a discount of approximately 21.45% and 60.25% to the respective closing price per share on the date of the grant or, as the case may be (see note 8 of the table above), the date of the circular (the “**Purchase Price Range**”). On the other hand, the LIU Purchase Price and the General Purchase Price represent a discount of approximately 23.08% and 30.07% to the closing price per Share on the Latest Practicable Date, both within the Purchase Price Range and below the mean of a discount of approximately 40.85% (excluding grants with nil or nominal considerations).

According to the table above, we note that the implied value of the Award Shares granted to both Mr. LIU (i.e. approximately HK\$445.6 million) and the largest allocation of Director Grantees other than Mr. LIU (i.e. approximately HK\$116.1 million) are higher than the mean (i.e. approximately HK\$48.5 million) and median (i.e. approximately HK\$22.8 million) of the Comparable Grants. Furthermore, the implied value of the Award Shares granted to Mr. LIU exceeds the maximum (i.e. approximately HK\$282.0 million) of the Comparable Grants. However, as the business, operations, financial performance and the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

scale of the listed issuers of the Comparable Grants are not the same as the Company and among each other, the implied value of the largest allocation of award shares/ restricted share units granted to a single executive director as a percentage of the market capitalisation (the “**Implied Value-to-Market Capitalisation Ratio**”) was computed in assessing the monetary value of the Award Shares granted under the Directors Conditional Grants. The Implied Value-to-Market Capitalisation Ratio represents a better indicator after taking into account (i) the number of award shares/ restricted share units granted to each executive director, (ii) the closing price per share on the date of the grant or the date of the circular (as the case may be), (iii) the purchase price of the share awards/ restricted share units, and (iv) the market capitalisation of the listed issuers. As illustrated in the table above, the Implied Value-to-Market Capitalisation Ratio of the Comparable Grants ranged from 0.13% to 5.98% (the “**Implied Value Range**”) with a mean of 1.29% and a median of 0.47%. The Implied Value-to-Market Capitalisation Ratio of the Directors Conditional Grants to both Mr. LIU (i.e. 1.14%) and Director Grantees other Mr. LIU (i.e. 0.30%) fall within the Implied Value Range and are below the mean of the Comparable Grants.

In light of the above, despite the number of Award Shares conditionally granted to Mr. LIU represents majority of the Award Shares granted under the Directors Conditional Grants (or approximately 4.96% of the issued share capital of the Company) and its implied value amounted approximately HK\$445.6 million, having considered (i) the number of Award Shares granted to Mr. LIU falls within the Executive Director Allocation Range, (ii) the Implied Value-to-Market Capitalisation Ratio falls within the Implied Value Range, (iii) the role, responsibilities and contribution of Mr. LIU as discussed in the paragraph headed “4. Reasons for and benefits of the Directors Conditional Grants — Customised number of Award Shares granted to each of the Director Grantees”, and (iii) the higher Purchase Price and an additional lock-up restriction for Mr. LIU, we are of the view that the allocation of the Award Shares granted to Mr. LIU is fair and reasonable.

6. Possible dilution effect on the shareholding interests of the public Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon full vesting of the Awarded Shares under the Directors Conditional Grants (assuming no change in the number of Shares in issue from the Latest Practicable Date), for illustrative and reference purpose:

	As at the Latest Practicable Date		Immediately upon full vesting of the Award Shares under the Directors Conditional Grants	
	Shares	Approx. %	Shares	Approx. %
Substantial Shareholders				
Beijing Enterprises Group Company Limited (Note 1)	1,285,718,343	23.60%	1,285,718,343	21.75%
CHIU Tat Jung Daniel (Note 2)	659,446,535	12.10%	659,446,535	11.16%
Subtotal	1,945,164,878	35.70%	1,945,164,878	32.91%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at the Latest Practicable Date		Immediately upon full vesting of the Award Shares under the Directors Conditional Grants	
	Shares	Approx. %	Shares	Approx. %
The Directors				
<i>Executive Directors</i>				
Mr. LIU Ming Hui (Note 3)	735,102,328	13.49%	1,005,102,328	17.01%
Mr. HUANG Yong	164,783,200	3.02%	218,783,200	3.70%
Mr. ZHU Weiwei	6,000,000	0.11%	54,000,000	0.91%
Dr. LIU Chang	–	0.00%	45,000,000	0.76%
Dr. LIU Mingxing	800,000	0.01%	45,800,000	0.77%
Ms. LI Ching	2,000,000	0.04%	2,000,000	0.03%
<i>Independent Non-executive Directors</i>				
Dr. MAO Erwan	2,200,000	0.04%	2,200,000	0.04%
Mr. ZHAO Yuhua	2,400,000	0.04%	2,400,000	0.04%
Subtotal	913,285,528	16.76%	1,383,285,528	23.27%
Public Shareholders				
Other Public Shareholders	2,589,702,335	47.54%	2,589,702,335	43.82%
Subtotal	2,589,702,335	47.54%	2,589,702,335	43.82%
Total	5,448,152,741	100.00%	5,910,152,741	100.00%

Notes:

- Beijing Enterprises Group Company Limited (“**BE Group**”) was deemed to be interested in 1,285,718,343 Shares, 3,360,000 of which were directly and beneficially owned by Beijing Holdings Limited, 1,282,358,343 of which were beneficially owned by Beijing Enterprises Holdings Limited (“**Beijing Enterprises**”), and of which 1,164,911,143 Shares were directly and beneficially owned by Hong Mao Developments Limited (“**Hong Mao**”). Hong Mao was wholly-owned by Beijing Enterprises which was owned as to 41.19% by Beijing Enterprises Group (BVI) Company Limited (“**BE Group BVI**”), 7.95% by Modern Orient Limited (“**Modern Orient**”) and 13.02% by Beijing Enterprises Investments Limited (“**Beijing Enterprises Investments**”). Modern Orient was wholly-owned by Beijing Enterprises Investments which is owned as to 72.72% by BE Group BVI. BE Group BVI and Beijing Holdings Limited were both wholly-owned by BE Group.
- Mr. Chiu Tat Jung Daniel (“**Mr. CHIU**”) was deemed to be interested in a total of 659,446,535 Shares, comprising (i) 100,000,000 Shares beneficially owned by China Gas Group Limited (“**CGGL**”), which was owned as to 50% by Fortune Oil PRC Holdings Limited (“**Fortune Oil PRC**”); (ii) 591,132,644 Shares beneficially owned by Fortune Oil PRC, of which 100,000,000 were deemed to be interested through CGGL and 491,132,644 Shares were beneficially owned (Fortune Oil PRC is a wholly-owned subsidiary of Fortune Oil Limited (“**Fortune Oil**”) and Fortune Oil is a wholly-owned subsidiary of Fortune Dynasty Holdings Limited (“**Fortune Dynasty**”) which is owned as to 70% by First Level Holdings Limited (“**First Level**”)); (iii) 27,617,919 Shares beneficially owned by First Marvel Investment Limited which is a wholly-owned subsidiary of Fortune Oil; 39,695,972 Shares beneficially owned by Fortune Oil Holdings Limited which is a wholly-owned subsidiary of Fortune Oil; and 1,000,000 Shares beneficially owned by First Level, a company wholly-owned by Mr. CHIU directly.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Mr. LIU was deemed to be interested in a total of 735,102,328 Shares, comprising (i) 300,471,228 Shares beneficially owned by Mr. LIU; (ii) 334,631,100 Shares beneficially owned by Joint Coast Alliance Market Development Limited (“**Joint Coast**”), a company wholly-owned by Mr. LIU directly; and (iii) 100,000,000 Shares beneficially owned by China Gas Group Limited (“**CGGL**”), which was owned as to 50% by Joint Coast, a company wholly-owned by Mr. LIU directly.

As illustrated in the shareholding structure above, the shareholding interests of the other public Shareholders would be diluted by approximately 3.72 percentage points from approximately 47.54% as at the Latest Practicable Date to approximately 43.82% immediately after the full vesting of the Award Shares under the Directors Conditional Grants (assuming no change in the number of Shares in issue from the Latest Practicable Date). Accordingly, the aforesaid dilution effect on the shareholding interest of the public Shareholders is not significant taking into account (i) the terms of the Directors Conditional Grants as discussed in the sections headed “3. The Directors Conditional Grants”; (ii) the reasons for and benefits of the Directors Conditional Grants as set out in the section headed “4. The reasons for and benefits of the Directors Conditional Grants”.

In assessing the possible dilution effect for the Directors Conditional Grants, the Independent Shareholders should also take into account other factors as set out in this letter including but not limited to the reasons for and benefits of the Directors Conditional Grants. For instance, as the vesting of the Award Shares is subject to the satisfaction of the Vesting Targets, the aforesaid dilution effect will be accompanied by an increase of earning per Share of not less than 85.0% (assuming no change in the number of Shares in issue from the Latest Practicable Date).

CONCLUSION

In arriving at our conclusion in respect of the Directors Conditional Grants, we have considered the principal factors and reasons as discussed above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- (i) the financial performance of the Group as set out in the section headed “1. Information of the Group” including the diminishing revenue and the relatively sluggish profit recorded for the three years ended 31 March 2025, as well as the performance of the Group’s value-added services, an emerging profit drivers and future growth engine;
- (ii) the information and biography of each of the Director Grantees, including their roles and responsibilities for the Group’s business and their experience in energy business, detail of which were set out in the section headed “2. Information of the Director Grantees”;
- (iii) the terms of the Directors Conditional Grants, in particular the number of Award Shares to be granted, the Purchase Price, the vesting conditions, the Vesting Targets, the lock-up restrictions (if applicable) and the clawback mechanism, detail of which were set out in the section headed “3. The Directors Conditional Grants”;
- (iv) supported by a research conducted by Computershare Limited, it is not uncommon for companies listed on the Stock Exchange to adopt a share scheme (including both share option scheme and share award scheme) as a standard governance practice aligned with Shareholder interests;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (v) the reasons for and benefits of the Directors Conditional Grants as set out in the section headed “4. Reasons for and benefits of the Directors Conditional Grants”, in particular the customised number of Award Shares granted to each of the Director Grantees;
- (vi) notwithstanding the fact that both the LIU Purchase Price and the General Purchase Price are below the closing price per Share during the past twelve-month period immediately prior to the date the Directors Conditional Grants, the discounts are within the Purchase Price Range among the Comparable Grants;
- (vii) the term of the Directors Conditional Grants (in particular the lock-up restriction, Vesting Targets, number of Award Shares under the Directors Conditional Grants, the allocation of Award Shares granted to each Director Grantees and its monetary value) are comparable to the market practice as evidenced by the statistic of the Comparable Grants as set out in the section headed “5. Analyses of the Directors Conditional Grants – Comparable transactions analysis”;
- (viii) the Directors Conditional Grants would result in the shareholding interests of the other public Shareholders being diluted by approximately 3.72 percentage points, which was relatively insignificant; and
- (ix) taking into account the dilution impact of the Directors Conditional Grants and the satisfaction of the Vesting Targets upon the allotment and issuance of the Award Shares, the earning per Share of the Company would increase by not less than 85.0% (assuming no change in the number of Shares in issue from the Latest Practicable Date).

Based on the information provided and our discussion with the Management, the terms of the Directors Conditional Grants are not uncommon and are comparable to the Comparable Grants. The Directors Conditional Grants represents a viable mean for the Company to provide incentive to its directors, senior management and employee while aligning their interest with the Shareholders.

Yours faithfully,
For and on behalf of
Emperor Corporate Finance Limited
Mark Chan
Managing Director

Mr. Mark Chan is a licensed person and has been a responsible officer of Emperor Corporate Finance Limited registered with the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO since 2018 and 2016 respectively and has over 10 years of experience in corporate finance.

APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE SCHEME

The following is a summary of the principal terms of the 2026 Share Award Scheme to be approved and adopted by ordinary resolution at the SGM. It does not form part of, nor is it intended to be, part of the 2026 Share Award Scheme, nor should it be taken as affecting the interpretation of the Scheme Rules.

1. PURPOSES, ADMINISTRATION AND DURATION

1.1 The purpose of the 2026 Share Award Scheme is, through an award of Shares, to:

- (a) recognise and reward the contribution of certain Eligible Participants (other than Excluded Participants) to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and
- (b) attract suitable personnel for further development of the Group.

2. ADMINISTRATION

The 2026 Share Award Scheme shall be subject to the administration of the Board or the Committee, where applicable, whose decisions on all matters arising in relation to the 2026 Share Award Scheme or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby, provided that such administration shall not prejudice the powers of the Trustee as provided under the Trust Deed; and for avoidance of doubt, the Remuneration Committee shall have powers on recommending and/or deciding (on and subject to the terms and conditions provided under this 2026 Share Award Scheme) the selection of the Selected Participants, the number of Award Shares to be awarded to the respective Selected Participants and other related matters as expressly provided under this 2026 Share Award Scheme or in accordance with the applicable laws, legislation and regulations (including the applicable Listing Rules). In the event that a Selected Participant or his associate is a member of the Board, such person will abstain from voting on any approval by the Board of an Award to such Selected Participants. For the avoidance of doubt, reference to the Committee in the 2026 Share Award Scheme and the delegation of powers and authorities to the Committee herein shall only be applicable to the extent such Committee has been duly delegated by the Board with the power and authority to administer the 2026 Share Award Scheme in accordance with the rules herein. The Board will select and appoint members of the Committee based on clear and objective criteria, including (i) professional competence and relevant experience in corporate governance, compliance and human resources; (ii) independence; and (iii) integrity and track record in discharging fiduciary duties. The appointment of such persons will be subject to formal approval by the Board to ensure that the delegation is appropriate and consistent with good governance practices. Safeguards will be adopted to ensure transparency and to avoid conflicts of interest. In particular, (i) the members of the Committee will be required to act strictly in accordance with the Scheme Rules and under the oversight of the Board; (ii) any material decision relating to grants to Directors or senior management will remain subject to review and approval by the Remuneration Committee, which comprises all independent non-executive Directors; and (iii) the members of the Committee will be required to abstain from participating in decisions where they have a personal interest.

3. AWARD OF SHARES AND ELIGIBLE PARTICIPANTS

- 3.1 The Board or the Committee shall, subject to and in accordance with the Scheme Rules, be entitled (but shall not be bound) to, at any time during the continuation of the 2026 Share Award Scheme, make an award out of the Shares Pool (as defined below) to any of the Eligible Participants (as it shall in its absolute discretion select but excluding any Excluded Participant) such number of Shares, fully paid or credited as fully paid, as the Board or the Committee shall, subject to paragraph 4 below, determine pursuant to the Scheme Rules. For the avoidance of doubt until so selected, no Eligible Participant shall be entitled to participate in the 2026 Share Award Scheme.
- 3.2 Employee Participants include any director and employee of the Company or any other member of the Group.
- 3.3 Related Entity Participants include directors and employees of the Related Entity.
- 3.4 Service Providers include, subject to compliance with the applicable laws, legislations and regulations (including the applicable Listing Rules), any person who provides services to the Company or other members of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group.
- 3.5 The eligibility of any of the Eligible Participants to an Award shall be determined by the Board or the Committee in its sole and absolute discretion from time to time on the basis of the Board's or the Committee's opinion as to his contribution and/or future contribution to the development and growth of the Group.
- 3.6 In determining the basis of eligibility of each Eligible Participant, the Board or the Committee would take into account of, where applicable, the experience of the Eligible Participant on the Group's businesses, the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee or a director of any member of the Group), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider of any member of the Group), and the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

4. CLAWBACK MECHANISM

In the event that any Selected Participant who is an Employee Participant or Related Entity Participant ceases to be an Employee Participant or Related Entity Participant by virtue of a corporate reorganisation of the Group or the Related Entity, then any Award made to such Selected Participant shall forthwith lapse and be cancelled.

In the event that:

- (a) a Selected Participant ceases to be an Employee Participant or Related Entity Participant other than for reason that the Selected Participant (i) died; (ii) (in the case of a Selected Participant who is an Employee) retired at his normal retirement date; or (iii) (in the case of a Selected Participant who is an Employee) retired at an earlier retirement date (with prior written agreement given by the Company or the Subsidiary or the Related Entity);
- (b) the Subsidiary or Related Entity by which a Selected Participant is employed or, in respect of a deceased or retired Selected Participant as set out in paragraph (a) above, was employed immediately prior to his death or retirement, ceases to be a Subsidiary or Related Entity of the Company (or of a member of the Group); or
- (c) the Board or the Committee shall at its absolute discretion determine in respect of a Service Provider that (i) the Service Provider or his associate has committed any breach of any contract entered into between the Service Provider or his associate on one part and any member of the Group or any Related Entity on the other part as the Board or the Committee may in its absolute discretion determine; or (ii) the Selected Participant has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty; or (iii) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group or the Related Entity by reason of the cessation of its relationship with the Group or its Related Entity or by any other reasons whatsoever; or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company),

the Award shall automatically lapse forthwith and all the Award Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the 2026 Share Award Scheme.

In the event that:

- (a) a Selected Participant is found to be an Excluded Participant; or

- (b) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee (or such later date as may be determined by the Board or the Committee at its sole and absolute discretion having regard to all relevant circumstances) for the relevant Award Shares within the stipulated period provided in the Scheme Rules,

the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Award Shares shall not vest on the relevant Vesting Date but the Award Shares shall become Returned Shares and the dividends and other distributions declared and made in respect of the deemed vested Award Shares shall form part of the income of the trust fund for the purposes of the 2026 Share Award Scheme.

5. PLAN LIMIT

- 5.1 The aggregate maximum number of Shares (the “**Plan Mandate Limit**”) which may be issued and allotted by the Company: (i) for the purpose of the 2026 Share Award Scheme; and (ii) under any other share schemes from time to time, shall not exceed 10% of the total number of issued Shares as at the Adoption Date, being 544,815,274 Shares. The aforesaid mandate limit may be refreshed in accordance with the applicable requirements of the Listing Rules.
- 5.2 The aggregate maximum number of Shares (the “**Service Provider Sub-limit**”) to be subscribed for by the Trustee for the Awards to be awarded to all Service Providers pursuant to the 2026 Share Award Scheme shall not exceed 1% of the total number of issued Shares as at the Adoption Date or the relevant date of approval of the refreshment of the Service Provider Sub-limit. The Board or the Committee shall not instruct the Trustee to subscribe for any Shares for the purpose of the 2026 Share Award Scheme when such subscription will result in the Plan Mandate Limit or the Service Provider Sub-limit being exceeded.
- 5.3 Awards lapsed in accordance with the paragraph 10 below will not be regarded as utilised for the purpose of calculating the Plan Mandate Limit or the Service Provider Sub-limit. If the Company conducts any capitalisation issue, rights issue, share consolidation, share sub-division or capital reduction, unutilised Plan Mandate Limit or the Service Provider Sub-limit shall be adjusted accordingly, with reference to the total number of issued Shares at the date immediately before and after such event and rounded to the nearest whole Share, such that the Selected Participants will be entitled to the same proportion of the Company’s equity capital as to which such Selected Participants previously entitled to. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the Company’s auditors must confirm to the Directors in writing that the adjustments satisfy the requirements under the Note to Rule 17.03(13) of the Listing Rules.
- 5.4 Any grant of Awards to any Director or chief executive of the Company, or any of his respective associates, shall be subject to the prior approval of the Remuneration Committee (excluding any member who is a proposed recipient of the grant of the Award) and the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of Awards). Any grant

of Awards to any substantial Shareholder, or any of his respective associates, shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of Awards). In addition:

- (a) where any grant of Awards (excluding grant of share options) to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of his respective associates, would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of this 2026 Share Award Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares) at the date of such grant; or
- (b) where any grant of Awards to an independent non-executive Director or substantial Shareholder, or any of his respective associates, would result in the number of Shares issued and to be issued upon exercise of all Awards granted (together with all options granted under any share option schemes of the Company) (excluding any Awards lapsed in accordance with the terms of the 2026 Share Award Scheme) to such person in the 12 month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares) at the date of such grant,

such further grant of Awards must be approved by Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules. In particular, the Company shall send a circular to the Shareholders. The relevant Selected Participant, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

- 5.5 The maximum number of Shares, in a 12-month period up to and including the date of grant of the Award, which may be subject to grant of an Award or Awards to a Selected Participant together with any Shares issued or to be issued under any options granted to such Selected Participant under any share option schemes of the Company shall not (i) in aggregate exceed 1% of the share capital of the Company in issue (excluding treasury shares); and (ii) exceed any limits applicable to such Selected Participant under the Listing Rules, unless otherwise permitted under the Listing Rules.

The Company may seek approval by its Shareholders in general meeting for refreshing the Plan Mandate Limit and/or the Service Provider Sub-limit in accordance with the applicable Listing Rules.

6. ACCEPTANCE OF OFFERS AND GRANT OF AWARDS

- 6.1 The Board or the Committee shall notify the Trustee by a notice in writing (the “**Award Notice**”) upon the making of an Award under the 2026 Share Award Scheme and, in the Award Notice, the Board or the Committee shall specify the following:
- (a) the name, address, identity number and position of the relevant Selected Participant and whether the Selected Participant is a Connected Person;
 - (b) the number of Award Shares provisionally awarded to the relevant Selected Participant pursuant to such Award;
 - (c) the earliest date (“**Earliest Vesting Date**”) and other subsequent date(s), if any, on which the Trustee may vest the legal and beneficial ownership of the Award Shares (or the relevant portions thereof) or the net proceeds thereof in the relevant Selected Participant under paragraph 9.1 below;
 - (d) the condition(s) and/or performance target(s), if any, that must be duly fulfilled by the relevant Selected Participant before any of the Award Shares (or the net sales proceeds thereof) may be transferred to and vested in such Selected Participant under such Award, including (where applicable) the payment that shall be made by such Selected Participant and the schedule thereof for such Award Shares;
 - (e) the condition(s) and/or performance target(s) of the Selected Participant, if any, that must be duly altered or waived by the Board or the Committee before any of the Award Shares (or the net sales proceeds thereof) may be transferred to and vested in such Selected Participant under such Award;
 - (f) whether the Award Shares or any part thereof should be satisfied by way of issuance of new Shares (and if so, the subscription price thereof, if any) or by applying any Returned Shares; and
 - (g) such other terms and conditions of such Award as may be imposed by the Board or the Committee which are not inconsistent with the Scheme Rules and the Trust Deed on either the Trustee (with the prior written consent of the Trustee unless the same has already been provided for in the Trust Deed) and the relevant Selected Participant, or any of them before the Award Shares (or the net sale proceeds thereof) may be transferred to and vested in such Selected Participant.

- 6.2 The Board or the Committee shall notify the Selected Participant by a notice in writing (the “**Grant Notice**”) after an Award has been provisionally made to such Selected Participant and the Grant Notice shall contain substantially the same information as that set out in the Award Notice provided that nothing contained in such Grant Notice shall be construed as conferring any rights, interests, benefits and title to and in the Award Shares on such Selected Participant before the vesting of the legal and beneficial ownership of such Award Shares (or the net sale proceeds thereof) in the Selected Participant in accordance with the Scheme Rules. An Award shall be deemed to be unconditionally declined in its entirety by a Selected Participant unless the Selected Participant shall within five (5) Business Days after receipt of such Grant Notice from the Board or the Committee notify the Company in writing that he would accept such Award. The Company shall forward a copy thereof to the Trustee as soon as reasonably practicable after receipt of the acceptance form duly signed by the relevant Selected Participant.

7. PERFORMANCE TARGETS AND PURCHASE PRICE

- 7.1 The number of Award Shares granted to the Selected Participants is determined by comprehensively considering their overall performance in the preceding year, and as part of their remuneration package. Therefore unless otherwise imposed by the Board, there are no Performance Targets required to be achieved by any Selected Participant before an Award is vested in the Selected Participant.
- 7.2 By providing the Board and the Committee with the discretion to impose specific performance targets as and when appropriate depending on the role of each Eligible Participant and the annual business results of the Group, this will facilitate the offering of meaningful incentive to attract and retain quality personnel that are valuable to the development of the Group and the Board considers that such arrangement is fair and reasonable to the Company and the Shareholders as a whole. In this regard, the performance targets imposed by the Board and the Committee may be drawn from financial performance measures (such as revenue growth, net profit and return on equity), operational and business development measures (such as customer base expansion, growth in sales volume and project completion milestones) and individual performance measures specific to the Eligible Participant’s role within or engagement with the Group. The target levels for such measures will be set by the Board and the Committee at the time of grant by reference to, among other things, the Group’s annual budget, business plan and prevailing market conditions. The Board and the Committee will assess whether the applicable performance targets have been satisfied by reviewing the Group’s audited annual financial statements, management accounts, operational reports and such other evidence as the Board and the Committee consider appropriate. The Board considers that it is beneficial for the Company to retain the flexibility to determine when and to what extent such conditions are appropriate.
- 7.3 The Purchase Price in respect of any Award Shares, if any, shall be such price as determined at the sole and absolute discretion of the Board before vesting of an Award and as notified to a Selected Participant in the Award Notice under paragraph 5.1 above.

8. POOL OF AWARD SHARES

Upon the receipt of an Award Notice, the Trustee shall set aside from the Shares Pool the Award Shares provisionally awarded to the Selected Participant to whom such Award Notice relates pending the transfer and vesting of the Award Shares under the Award to which such Award Notice relates in accordance with paragraph 9 below. The Trustee shall hold the Award Shares so set aside during the Vesting Period on the terms of the Trust Deed. The Trustee may, at any time during the continuation of the 2026 Share Award Scheme and the Trust Deed, set aside the appropriate number of Award Shares out of a pool of issued Shares, fully paid or credited as fully paid, for the time being and from time to time held by the Trustee pursuant to the Trust Deed (the “**Shares Pool**”).

9. VESTING OF THE AWARD SHARES

9.1 Subject to paragraph 10 below, the Trustee shall transfer to and vest in any Selected Participant the legal and beneficial ownership of the Award Shares (or the net sale proceeds thereof) to which such Selected Participant is entitled under the relevant Award as soon as practicable after the latest of:

- (a) the Earliest Vesting Date as specified in the Award Notice to which such Award relates;
- (b) the receipt by the Trustee of the requisite information and documents stipulated by the Trustee within the stipulated period; and
- (c) where applicable, the date on which the condition(s) and/or performance target(s) (if any) to be attained or paid by such Selected Participant as specified in the related Award Notice have been attained or paid and notified to the Trustee by the Board or the Committee in writing.

9.2 During the Vesting Period:

- (a) any dividends and other distributions declared and made in respect of any Award Shares (“**Other Distributions**”) shall belong to the Trustee and the relevant Selected Participant shall not have any right whatsoever in such Other Distributions in respect of any Award Shares or otherwise unless and until the relevant Award Shares are vested in such Selected Participant in accordance with paragraph 9.1 above. Such Other Distributions shall be applied to subscription for and/or purchase of Shares for the purpose of satisfying any further Awards by the Board or the Committee and, upon termination of the 2026 Share Award Scheme, shall be treated and dealt with as income of the trust fund under the Trust Deed generally and the Trustee shall be entitled to use and/or transfer such Other Distributions in any manner as directed by the Board or the Committee at its sole and absolute discretion; and

- (b) if a general or partial offer, whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner is made to all the Shareholders (or all Shareholders other than the offeror, any persons controlled by the offeror and any persons acting in association or concert with the offeror), and such offer becomes or is declared unconditional prior to the vesting of the Award Shares in the relevant Selected Participants pursuant to paragraph 9.1 above, the Selected Participant shall be entitled to, subject to the direction of the Board or the Committee, be vested with all of his Award Shares at any time before the expiry of the period of ten (10) Business Days following the date on which the offer becomes or is declared unconditional. Unless shortening of vesting period is permitted under the circumstances provided pursuant to the Scheme Rules, the Board shall not shorten the vesting period of any Award Shares to less than 12 months due to such offer.

10. LAPSE OF AWARDS AND RETURNED SHARES

- 10.1 In the event that any Selected Participant who is an Employee Participant or Related Entity Participant ceases to be an Employee Participant or Related Entity Participant by virtue of a corporate reorganisation of the Group or the Related Entity, then any Award made to such Selected Participant shall forthwith lapse and be cancelled.
- 10.2 In the event (i) a Selected Participant ceases to be an Employee Participant or Related Entity Participant other than for reason as provided in paragraph 13.2 below, or (ii) the Subsidiary or Related Entity by which a Selected Participant is employed or, in respect of a deceased or retired Selected Participant under paragraph 13.2 below, was employed immediately prior to his death or retirement, ceases to be a Subsidiary or Related Entity of the Company (or of a member of the Group), or (iii) the Board or the Committee shall at its absolute discretion determine in respect of a Service Provider that (a) the Service Provider or his associate has committed any breach of any contract entered into between the Service Provider or his associate on one part and any member of the Group or any Related Entity on the other part as the Board or the Committee may in its absolute discretion determine; or (b) the Selected Participant has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty; or (c) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group or the Related Entity by reason of the cessation of its relationship with the Group or its Related Entity or by any other reasons whatsoever; or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) (each of these, an event of Total Lapse), the Award shall automatically lapse forthwith and all the Award Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the 2026 Share Award Scheme.

- 10.3 In the event (i) a Selected Participant is found to be an Excluded Participant or (ii) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee (or such later date as may be determined by the Board or the Committee at its sole and absolute discretion having regard to all relevant circumstances) for the relevant Award Shares within the stipulated period (whether in the ordinary vesting pursuant to the vesting timetable set out in paragraph 13.1 below or on such other dates as provided in or determined in accordance with the Scheme Rules) (each of these, an event of Partial Lapse), the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Award Shares shall not vest on the relevant Vesting Date (or in the circumstances as set out in paragraph 13.2 below, shall no longer be deemed to have vested) but the Award Shares shall become Returned Shares and the dividends and other distributions declared and made in respect of the deemed vested Award Shares shall form part of the income of the trust fund for the purposes of the 2026 Share Award Scheme.

11. VOTING RIGHTS REGARDING SHARES

- 11.1 The Trustee shall not exercise the voting rights in respect of any Shares held under the trust constituted by the Trust Deed. In particular, the Trustee holding unvested Shares under the 2026 Share Award Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.
- 11.2 The Selected Participants shall not have any right to receive any Award Shares set aside for them unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Award Shares to and in the Selected Participants in accordance with the terms hereof. For the avoidance of doubt:
- (a) a Selected Participant shall only have a contingent interest in the Award Shares which are referable to him subject to the vesting of such Shares in accordance with paragraph 9.1 above;
 - (b) a Selected Participant shall have no rights in the Residual Cash or any of the Returned Shares;
 - (c) no instruction may be given by a Selected Participant to the Trustee in respect of the Award Shares and/or the Other Distributions and/or such other properties or assets of the trust constituted by the Trust Deed;
 - (d) a Selected Participant shall have no rights in the fractional share arising out of consolidation of Shares (and such Shares shall be deemed as Returned Shares for the purposes of the 2026 Share Award Scheme);
 - (e) subject to paragraph 13.2 below, where a Selected Participant ceases to be an Employee on the relevant Vesting Date, the award of the Award Shares in respect of the relevant Vesting Date shall lapse, such Award Shares shall not

vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company, any Subsidiary, any Related Entity, any Director or the Trustee; and

- (f) in the case of the death of a Selected Participant, the Trustee shall hold the vested Award Shares and the dividends and other distributions declared and made in respect of the vested Award Shares (the “**Benefits**”). The Benefits shall be forfeited if no transfer of the Benefits to the Personal Representatives of the Selected Participant is made within the prescribed period, and the Personal Representatives of the Selected Participant shall have no claims against the Company, any Subsidiary, any Related Entity, any Director or the Trustee. In the event of the death of a Selected Participant.

12. RANKING OF SHARES

Subject to paragraph 11 above, the Award Shares to be vested to the Selected Participants shall be identical to all existing issued Shares and shall be subject to all the provisions of the Bye-laws of the Company for the time being in force, and such Shares shall rank *pari passu* in all respects with the existing fully paid Shares in issue.

13. VESTING PERIOD

13.1 Subject to the Listing Rules, the Board or the Remuneration Committee may from time to time, at its discretion, determine the Earliest Vesting Date and other subsequent date(s), if any, upon which the Award Shares (or the net sale proceeds thereof) held by the Trustee upon trust and which are referable to a Selected Participant shall vest in that Selected Participant. The Vesting Date in respect of any Award shall be not less than 12 months from the date of grant of the Award unless otherwise permitted under the Listing Rules, provided that for Employee Participants, the Vesting Date may be less than such 12 months in the following circumstances:

- (a) grants of “make whole” Awards to new Employee Participants to replace share awards such Employee Participants forfeited when leaving their previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Awards with performance-based vesting conditions provided in the Scheme Rules, in lieu of time-based vesting criteria;
- (d) grants of Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant Employee Participant, in which case the Vesting Date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements;
- (e) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of 12 months; or

- (f) grants of Awards with a total vesting and holding period of more than 12 months.

13.2 Notwithstanding the provisions of paragraph 13.1 above, but subject to paragraph 10.2 above, at any time prior to a Vesting Date, unless the Board or the Committee otherwise determines at its sole and absolute discretion, in respect of a Selected Participant who:

- (a) died, all the Award Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his death; or
- (b) (in the case of a Selected Participant who is an Employee) retired at his normal retirement date, all the Award Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his normal retirement date; or
- (c) (in the case of a Selected Participant who is an Employee) retired at an earlier retirement date (with prior written agreement given by the Company or the Subsidiary or the Related Entity), all the Award Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his earlier retirement date.

14. RESTRICTIONS ON THE TIME OF GRANT OF AWARD SHARES

For so long as the Shares are listed on the Stock Exchange:

- (a) an Award or, as the case may be, any instruction of the Board or the Committee to the Trustee for the purpose of increasing the Shares in the Shares Pool (e.g. by way of issue and allotment of new Shares) may not be made or given when inside information has come to the Company's knowledge until such inside information has been published in accordance with the SFO; and
- (b) the Board or the Committee may not make any Award to any Eligible Participant or give any instruction to the Trustee for the purpose of increasing the Shares in the Shares Pool (e.g. by way of issue and allotment of new Shares) during the periods or times when such an Award is prohibited under the Listing Rules, any corresponding code or securities dealing restrictions adopted by the Company and all applicable laws from time to time. Without limiting the generality of the foregoing, no Award may be made and no instruction may be given by the Board or the Committee for the purpose of increasing the Shares in the Shares Pool (e.g. by way of issue and allotment of new Shares) during the period commencing 30 days immediately before the earlier of:
 - (i) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

- (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

15. DURATION OF THE 2026 SHARE AWARD SCHEME

Subject to paragraph 17 below, the 2026 Share Award Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date, and after the expiry of such 10-year term, no further Awards may be made but the Scheme Rules shall remain in full force and effect to the extent necessary to give effect to any Awards made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

16. ADJUSTMENT

If the Company conducts any capitalisation issue, rights issue, share consolidation, share sub-division or capital reduction, unutilised Plan Mandate Limit or the Service Provider Sub-limit shall be adjusted accordingly, with reference to the total number of issued Shares at the date immediately before and after such event, such that the Selected Participants will be entitled to the same proportion of the Company's equity capital, rounded to the nearest whole share, as that to which such Selected Participants was previously entitled, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value (if any). In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the Company's auditors must confirm to the Directors in writing that the adjustments satisfy the requirements under the Note to Rule 17.03(13) of the Listing Rules.

17. TERMINATION OF THE 2026 SHARE AWARD SCHEME

17.1 The 2026 Share Award Scheme shall terminate on the earlier of:

- (a) on the 10th anniversary date of the Adoption Date; and
- (b) such date of early termination as determined by the Board or the Committee and notified to the Trustee in writing, provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder.

17.2 If, at the date of the termination of the 2026 Share Award Scheme, the Trustee holds any Share which has not been set aside in favour of any Selected Participant or retains any unutilised funds received as the Group Contribution or otherwise, then the Trustee shall, within twenty-eight (28) Business Days (on which the trading of the Shares has not been suspended) after receiving actual notice of such termination (or such longer period as the Board or the Committee may otherwise determine), sell such Shares and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company, unless otherwise instructed by the Board or the Committee.

17.3 Upon termination of the 2026 Share Award Scheme:

- (a) Subject to the decision of the Board or the Committee and paragraph 13.2 above, all the Award Shares shall become vested in the Selected Participant on such date of termination, save in respect of any event of Total Lapse;
- (b) Returned Shares and such non-cash income remaining in the trust fund shall be sold by the Trustee, within twenty-eight (28) Business Days (on which the trading of the Shares has not been suspended) after receiving actual notice of such termination (or such longer period as the Board or the Committee may otherwise determine), unless otherwise instructed by the Board or the Committee;
- (c) Residual Cash, net proceeds of sale referred to in paragraph 17.3(b) hereof and such other funds remaining in the trust constituted by the Trust Deed (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company forthwith after the sale. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares pursuant to paragraph 17.3(b) hereof), excluding (for the avoidance of doubt) any transfer of Shares to another share award scheme of the Company or otherwise any transfer in compliance with the applicable laws, legislations and regulations (including the applicable Listing Rules).

17.4 For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the 2026 Share Award Scheme.

18. TRANSFERABILITY OF SHARES

An Award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest whatsoever in favour of any third party over or in relation to an Award or enter or purport to enter into any agreement to do so. Any breach of the foregoing by any Selected Participant shall entitle the Company at its sole and absolute discretion to cancel the Award made to such Selected Participant, and the Board or Committee shall notify the Trustee in writing accordingly. Such cancelled Award will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sub-limit.

19. ALTERATION OF SCHEME RULES

- 19.1 Subject to the below, the Board or the Committee may amend any of the provisions of the 2026 Share Award Scheme or any Awards granted under the 2026 Share Award Scheme at any time and in any respect. No amendment shall be made to any provisions of the 2026 Share Award Scheme or any Awards to the extent that such amendment has a material adverse effect on any subsisting rights of a Selected Participant at that date in respect of Awards already granted to such Selected Participant but not yet vested or lapsed or forfeited, without such Selected Participant's consent, provided that no such consent shall be required if the Board or the Committee determines that such amendment either: (i) is necessary or desirable in order for the Company, the 2026 Share Award Scheme or the Award to satisfy any applicable laws, legislations or regulations (including the applicable Listing Rules) or to meet the requirements of, or avoid adverse consequences under, any applicable accounting standard; or (ii) is not reasonably likely to diminish materially the benefits provided under such Award, or that any such diminishment can be reasonably compensated or otherwise justified. Any amendment or alteration to the terms of any Award the grant of which was subject to the approval of a particular body shall be subject to approval by that same body, provided that this requirement does not apply where the relevant alteration takes effect automatically under existing terms of the 2026 Share Award Scheme.
- 19.2 Notwithstanding the aforesaid, any alterations to the terms and conditions of the 2026 Share Award Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Selected Participants must be approved by Shareholders in general meeting.
- 19.3 Any change to the authority of the Directors or scheme administrators to alter the terms of the 2026 Share Award Scheme must be approved by Shareholders in general meeting.
- 19.4 The amended terms of the 2026 Share Award Scheme must comply with all applicable laws, legislations and regulations (including the applicable Listing Rules).



CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of China Gas Holdings Limited (the “**Company**”) will be held at China Gas Building, 188 Meiyuan Road, Luohu District, Shenzhen, Guangdong Province, China at 10:00 a.m. on Wednesday, 24 June 2026 for the purpose of considering, and if thought fit, passing with or without amendments, each of the following resolution as ordinary resolution of the Company. Unless otherwise defined, capitalised terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 4 June 2026 (the “**Circular**”):

ORDINARY RESOLUTIONS

“THAT:

- (a) conditional upon the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which may fall to be issued and allotted pursuant to the granting of the Shares under the 2026 Share Award Scheme (as defined in the Circular), the 2026 Share Award Scheme be and is hereby approved and adopted and that any Director and any member of the Committee be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2026 Share Award Scheme including without limitation:
 - (i) to administer the 2026 Share Award Scheme under which Award Shares will be granted to Eligible Participants under the 2026 Share Award Scheme to subscribe for Shares;
 - (ii) to modify and/or amend the 2026 Share Award Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2026 Share Award Scheme relating to modification and/or amendment and subject to Chapter 17 of the Listing Rules;
 - (iii) to issue and allot from time to time such number of Shares as may be required to be issued in respect of the Award Shares to be granted under the 2026 Share Award Scheme and subject to the Listing Rules;

* For identification purposes only

NOTICE OF SGM

- (iv) to make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in any Shares which may thereafter from time to time be issued and allotted in respect of the Award Shares to be granted under the 2026 Share Award Scheme and subject to the Listing Rules; and
- (v) to consent, if they deem fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2026 Share Award Scheme;
- (b) subject to and conditional upon the passing of ordinary resolution (a) above, the Scheme Mandate Limit as defined in the Circular (being 10% of the total number of shares of the Company in issue as at the date of adoption of the 2026 Share Award Scheme) be and is hereby approved and adopted and that any Director and any member of the Committee be and is hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as he/she may consider necessary, desirable or expedient to effect and implement the Scheme Mandate Limit;
- (c) conditional upon the passing of ordinary resolution (a), the Service Provider Sub-limit as defined in the Circular (being 1% of the total number of shares of the Company in issue as at the date of adoption of the 2026 Share Award Scheme) be and is hereby approved and adopted;
- (d) conditional upon the passing of ordinary resolution (a), the grant of Award Shares to the following Directors pursuant to the Directors Conditional Grants be and are hereby approved as separate resolutions:
 - (i) 270,000,000 Award Shares to Mr. LIU Ming Hui;
 - (ii) 54,000,000 Award Shares to Mr. HUANG Yong;
 - (iii) 48,000,000 Award Shares to Mr. ZHU Weiwei;
 - (iv) 45,000,000 Award Shares to Dr. LIU Chang; and
 - (v) 45,000,000 Award Shares to Dr. LIU Mingxing; and
- (e) any Director be and is hereby authorised to do all such acts and/or execute all such documents as may be necessary or expedient in order to give effect to or otherwise in connection with the Directors Conditional Grants.”

On behalf of the Board
China Gas Holdings Limited
LIU Ming Hui
Chairman and President

Hong Kong, 4 June 2026

NOTICE OF SGM

Principal place of business in Hong Kong:

Room 1601
16th Floor, Capital Centre
151 Gloucester Road
Wan Chai
Hong Kong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. Any shareholder entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint one or, if he is a holder of more than one share, more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
2. A form of proxy for use in connection with the SGM is enclosed with the Circular. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a copy of such authority notarially certified must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
3. For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 18 June 2026 to Wednesday, 24 June 2026 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the SGM to be held on Wednesday, 24 June 2026, all transfers of shares accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 17 June 2026.
4. Where there are joint holders of any shares, any one of such joint holders may vote at the meeting (or at any adjournment thereof) personally or by proxy in respect of such shares as if he was solely entitled thereto; but if more than one of such joint holders be present at the meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. A circular containing the information regarding the resolutions to be tabled at the meeting will be sent to the shareholders together with this notice.
6. As at the date of this notice, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Ms. LI Ching, Dr. LIU Chang, Mr. ZHAO Kun and Dr. LIU Mingxing are the executive directors of the Company; Mr. XIONG Bin, Mr. Ayush GUPTA and Ms. ZHOU Xueyan are the non-executive directors of the Company; and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. CHEN Yanyan, Mr. ZHANG Ling and Dr. MA Weihua are the independent non-executive directors of the Company.