CF ENERGY CORP.

Condensed Interim Consolidated Financial Statements
Three-month periods ended March 31, 2026
and 2025 (Unaudited)

(Expressed in Chinese RMB)

<u>CF ENERGY CORP.</u>

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

CF ENERGY CORP.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025

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CF ENERGY CORP.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025

		Three-month periods ended March 31,	
	NOTES	2026	2025
Continuing operations		RMB'000	RMB'000
Revenue	5	113,627	105,017
Cost of sales		(83,267)	(80,502)
Gross profit		30,360	24,515
Other income		899	1,750
Other losses, net		(251)	(10)
Impairment losses recognized under expected credit loss model, net		(54)	(41)
Selling and marketing expenses		(7,695)	(8,797)
General and administrative expenses		(9,857)	(10,997)
Research and development expenses		(431)	-
Share of results of associates	11	529	4,622
Finance costs		(4,546)	(5,022)
Profit before tax		8,954	6,020
Income tax expense	6	(3,598)	(4,428)
Profit for the period from continuing operations		5,356	1,592
Discontinued operations			
Loss for the period from discontinued operations	7	(149)	(145)
Profit for the period		5,207	1,447
Profit and total comprehensive income for the period		5,207	1,447
Profit (loss) for the period attributable to owners of the Company			
- From continuing operations		7,041	3,392
- From discontinued operations		(80)	(87)
		6,961	3,305
Loss for the period attributable to non-controlling interests			
- From continuing operations		(1,685)	(1,800)
- From discontinued operations		(69)	(58)
		(1,754)	(1,858)
		5,207	1,447
Total comprehensive income (expense) attributable to			
- Owners of the Company		6,961	3,305
- Non-controlling interests		(1,754)	(1,858)
		5,207	1,447

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025

	NOTES	Three-month periods ended March 31, 2026 RMB	2025 RMB
Earnings per share			
From continuing and discontinued operations			
- Basic	8	RMB 0.11	RMB 0.05
- Diluted	8	RMB 0.11	RMB 0.05
From continuing operations			
- Basic	8	RMB 0.11	RMB 0.05
- Diluted	8	RMB 0.11	RMB 0.05

1. Comparative figures are restated based on the requirement of IFRS 5 with regard to discontinued operations of Sanya Changfeng Clean Energy Co., Ltd. and Hunan CF CNPC Energy Co., Ltd.

CF ENERGY CORP.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT MARCH 31, 2026 AND DECEMBER 31, 2025

	NOTES	March 31, 2026 RMB'000	December 31, 2025 RMB'000
NON-CURRENT ASSETS			
Property and equipment	9	895,080	883,590
Right-of-use assets	10	100,309	101,368
Goodwill		2,252	2,252
Intangible assets		10,777	10,629
Interests in associates	11	61,962	61,448
Amount due from an associate	18	11,000	11,000
Amounts due from non-controlling interests of a subsidiary	19	2,796	2,766
Non-current portion of other receivables, prepaid expenses and deposits	14	7,784	5,437
Equity instruments at fair value through other comprehensive income	20	1,219	1,219
		1,093,179	1,079,709
CURRENT ASSETS			
Inventories		7,074	5,327
Contract assets	12	24,906	27,842
Trade receivables	13	61,413	63,742
Other receivables, prepaid expenses and deposits	14	47,497	40,130
Amounts due from related parties	18	320	383
Bills receivables		90	90
Restricted bank deposits		329	5,400
Bank balances and cash	16	77,638	50,732
		219,267	193,646
CURRENT LIABILITIES			
Trade and other payables	17	123,149	157,259
Dividend payable to non-controlling interest of a subsidiary		299	299
Contract liabilities	22	120,595	124,974
Lease liabilities		609	689
Income tax payable		8,767	7,801
Short-term bank borrowings	21	140,000	93,000
Current portion of long-term debts	21	87,770	86,787
Other borrowings		2,400	2,400
		483,589	473,209

CF ENERGY CORP.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT MARCH 31, 2026 AND DECEMBER 31, 2025

	NOTES	March 31, 2026 RMB'000	December 31, 2025 RMB'000
NET CURRENT LIABILITIES		(264,322)	(279,563)
TOTAL ASSETS LESS CURRENT LIABILITIES		828,857	800,146
NON-CURRENT LIABILITIES			
Long-term debts	21	300,091	309,899
Lease liabilities		120	276
Deferred income - government grants	23	84,257	52,645
Deferred tax liabilities		9,732	9,793
Other borrowings		3,420	4,003
		397,620	376,616
NET ASSETS		431,237	423,530
CAPITAL AND RESERVES			
Share capital	24	70,978	70,978
Reserves		345,950	338,989
Equity attributable to owners of the Company		416,928	409,967
Non-controlling interests		14,309	13,563
TOTAL EQUITY		431,237	423,530

The unaudited condensed interim consolidated financial statements on pages 1 to 39 were approved and authorized for issue by the Board of Directors on May 28, 2026 and are signed on its behalf by:

Laurence Wang	Terry Luo
GUODONG (LAURENCE) WANG DIRECTOR	YIMING (TERRY) LUO DIRECTOR

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025

	Attributable to owners of the Company								
	Share capital RMB'000	Contributed surplus RMB'000 (Note a)	Statutory surplus reserve RMB'000 (Note b)	Fair value through other comprehensive income reserve RMB'000	Other reserves RMB'000 (Note c)	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at January 1, 2025	70,978	18,166	63,524	(8,347)	(7,261)	259,009	396,069	19,901	415,970
Profit (loss) and total comprehensive income for the period	-	-	-	-	-	3,305	3,305	(1,858)	1,447
As at March 31, 2025	70,978	18,166	63,524	(8,347)	(7,261)	262,314	399,374	18,043	417,417
As at January 1, 2026	70,978	18,166	68,891	(14,671)	(7,261)	273,864	409,967	13,563	423,530
Profit (loss) and total comprehensive income for the period	-	-	-	-	-	6,961	6,961	(1,754)	5,207
Capital contribution from non-controlling interests in a subsidiary	-	-	-	-	-	-	-	2,500	2,500
As at March 31, 2026	70,978	18,166	68,891	(14,671)	(7,261)	280,825	416,928	14,309	431,237

Notes:

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

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

(c) Other reserve as of January 1, 2025 represents the difference between the carrying amount of the non-controlling interest of Hainan EDF Huapu Smart Mobility Co., Ltd. ("EDF Huapu SM") and the consideration for acquisition of 30% equity interest in EDF Huapu SM from a non-controlling shareholder.

CF ENERGY CORP.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THREE-MONTH PERIODS ENDED MARCH 31, 2026 AND 2025

	Three-month periods ended March 31, 2026 RMB'000	Three-month periods ended March 31, 2025 RMB'000
OPERATING ACTIVITIES		
(Decrease) increase in contract liabilities	(4,379)	2,458
Decrease (increase) in contract assets	2,936	(9,346)
Other operating cash inflow (outflow)	1,008	(19,558)
Interest received	26	24
Interest paid	(4,607)	(5,298)
Income tax paid	(2,694)	(4,784)
NET CASH USED IN OPERATING ACTIVITIES	(7,710)	(36,504)
INVESTING ACTIVITIES		
Deposit paid for acquisition of property and equipment	(145)	-
Acquisition of property and equipment	(41,561)	(3,642)
Acquisition of pipelines for relocation projects	(119)	(5,185)
Acquisition of intangible assets	(838)	-
Payment for right of use assets	(80)	(144)
Refund (payment) of rental deposits	102	(30)
Receipt of compensation on pipeline relocation projects	-	2,772
Receipt of government grant relating to assets	32,162	-
Withdrawal of restricted cash deposit	5,071	100
Proceed from disposal of property and equipment	-	21
NET CASH USED IN INVESTING ACTIVITIES	(5,408)	(6,108)
FINANCING ACTIVITIES		
Capital contribution to an associate	-	(500)
Capital contribution from non-controlling interests in a subsidiary	2,500	-
Repayment of lease liabilities	(29)	(167)
New short-term bank borrowings raised	60,000	13,000
Repayment of short-term bank borrowings	(13,000)	(18,000)
New long-term debt raised	27,678	21,642
Repayment of long-term debt	(36,503)	(28,100)
Repayment of other borrowings	(583)	(550)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	40,063	(12,675)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,945	(55,287)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	50,732	111,695
Effect of foreign exchange rate changes	(39)	1
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	77,638	56,409
Represented by:		
Bank balances and cash	77,638	56,409

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB"). Accordingly, they do not include all of the information required for full annual financial statements required by IAS 1 Presentation of Financial Statements as issued by the IASB. Therefore, the condensed interim consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2025, which include information necessary to understand the Group's business and financial statement presentation.

At March 31, 2026, the Group's current liabilities exceeded its current assets by RMB264,322,000. In view of these circumstances, management of the Group has given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Management is satisfied that the Group will have sufficient financial resources to meet its financial obligations including the capital commitments as disclosed in note 26. Taking into account the Group's cash flow projection, including the term facility, the Group's ability to renew or refinance the banking facilities upon maturity and the Group's future capital expenditure in respect of its non-cancellable capital commitments, management considers that it has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the condensed interim consolidated financial statements have been prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at revalued amounts or fair value, as appropriate.

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

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

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

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRS Accounting Standard"), the accounting policies and methods of computation used in the condensed interim consolidated financial statements for the three-month period ended March 31, 2026 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2025.

4. PRINCIPAL ACCOUNTING POLICIES - continued

Amendments to IFRS Accounting Standard that are mandatorily effective for the current three-month period

In the current three-month period, the Group has applied the following amendments to IFRS Accounting Standard issued by the International Accounting Standard Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2026 for the preparation of the condensed interim consolidated financial statements:

1. Amendments to the Classification and Measurement of Financial Instruments-Amendments to IFRS 9 and IFRS 7
2. Annual Improvements to IFRS Accounting Standards - Volume 11
3. Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The adoption of the amended IFRS Accounting Standard had no material impact on how the results and financial position for the current three-month period and prior period have been prepared and presented.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed interim consolidated financial statements, management has made judgement and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

The significant judgement made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

5. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the three-month periods ended March 31, 2026 and 2025 are as follows:

	Three-month periods ended March 31, 2026 RMB'000	2025 RMB'000
Gas distribution utility		
- Gas sales	75,050	69,499
- Pipeline installation and connection	28,954	25,450
Integrated smart energy	7,325	6,781
Smart mobility	2,298	3,287
	113,627	105,017

	Three-month periods ended March 31, 2026 RMB'000	2025 RMB'000
Timing of revenue recognition		
A point of time	4,744	5,141
Over time	24,210	20,309
Total	28,954	25,450

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

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

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

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

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

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

5. REVENUE AND SEGMENT INFORMATION - continued

(b) Integrated smart energy

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

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

(c) Smart mobility

(i) operates electric vehicle ("EV") battery swap business in various cities of the PRC.

The CNG vehicles refueling business within Gas distribution utility operating segment was discontinued in 2023. The segment information reported below excluded the results of these discontinued operations, which are described in more detail in note 7.

Segment revenues and results

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

For the three-month period ended March 31, 2026

Continuing operations

	Gas distribution utility RMB'000	Integrated smart energy RMB'000	Smart mobility RMB'000	Consolidated RMB'000
Segment revenue	120,877	7,325	2,326	130,528
Inter-segment revenue	(16,873)	-	(28)	(16,901)
Revenue from external customers	104,004	7,325	2,298	113,627
Segment profit (loss)	17,832	(5,635)	(963)	11,234
Share of results of associates				529
Unallocated other income				29
Unallocated corporate expenses				(2,838)
Profit before tax from continuing operations				8,954

5. REVENUE AND SEGMENT INFORMATION - continued

Segment revenues and results – continued

For the three-month period ended March 31, 2025

Continuing operations

	Gas distribution utility RMB'000	Integrated smart energy RMB'000	Smart mobility RMB'000	Consolidated RMB'000
Segment revenue	110,041	6,781	3,313	120,135
Inter-segment revenue	(15,092)	-	(26)	(15,118)
Revenue from external customers	94,949	6,781	3,287	105,017
Segment profit (loss)	12,130	(5,943)	(773)	5,414
Share of results of associates				4,622
Unallocated other income				30
Unallocated corporate expenses				(4,046)
Profit before tax from continuing operations				6,020

Geographical information

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

Information about major customers

No single customer accounted for more than 10% of the Group's sales in three-month periods ended March 31, 2026 and 2025 or the Group’s trade receivables as at March 31, 2026 and December 31, 2025.

5. REVENUE AND SEGMENT INFORMATION - continued

Segment assets and liabilities

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

For the three-month period ended March 31, 2026

	Gas distribution utility RMB'000	Integrated smart energy RMB'000	Smart mobility RMB'000	Total RMB'000
Segment assets				
Total assets for continuing operations	782,620	404,103	35,539	1,222,262
Unallocated assets (i)				90,184
Consolidated assets				1,312,446
Segment liabilities				
Total liabilities for continuing operations	522,961	319,955	20,941	863,857
Unallocated liabilities (ii)				17,352
Consolidated liabilities				881,209

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

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

(ii) all liabilities are allocated to operating segments other than other corporate liabilities.

6. INCOME TAX EXPENSE

Continuing operations

	Three-month periods ended March 31, 2026 RMB'000	2025 RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	3,660	4,444
Deferred tax credit	(62)	(16)
	3,598	4,428

The Company was incorporated in Canada and is therefore subject to Canadian federal and Ontario statutory income tax at a rate of 26.5% (2025: 26.5%) on assessable profits in Canada during the reporting period.

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the reporting period (2025: 25%).

7. DISCONTINUED OPERATIONS

Upon the realignment of its future business strategies with major focus on the development of clean energy solutions with high growth potential, including the integrated smart energy and electric vehicle battery swap, the Group made the first move into the EV battery swap business beginning from 2020.

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

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

7. DISCONTINUED OPERATIONS - continued

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

As the operations of Clean Energy and Hunan CF CNPC were abandoned with no sales plans as at March 31, 2026 and December 31, 2025, the assets and liabilities attributable to Clean Energy and Hunan CF CNPC are not classified as held for sale.

	For three-month periods ended March 31,	
	2026	2025
	RMB'000	RMB'000
Revenue	-	-
Cost of sales	-	-
Other income	-	2
Selling and marketing expenses	-	-
General and administrative expenses	(150)	(149)
Share of results of associates	(15)	(19)
Finance costs	-	-
Impairment losses under expected credit loss model, net of reversal	-	-
Other gain	16	21
Loss before tax	(149)	(145)
Income tax expense	-	-
Loss for the period	(149)	(145)

Under the EIT Law, the tax rate of Clean Energy and Hunan CF CNPC is 25% for both periods. No provision for taxation in PRC has been made as Clean Energy and Hunan CF CNPC incurred tax losses in the PRC for both periods.

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

	For three-month periods ended March 31,	
	2026	2025
	RMB'000	RMB'000
Net cash used in operating activities	(137)	(26)
Net cash from investing activities	-	-
Net cash used in financing activities	-	(500)

8. EARNINGS PER SHARE

From continuing and discontinued operations

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

	For three-month periods ended March 31, 2026 RMB'000	2025 RMB'000
Earnings		
Profit for the purpose of basic earnings per share	6,961	3,305
Profit for the purpose of dilutive earnings per share	6,961	3,305
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	65,885,155	65,885,155
Weighted average number of ordinary shares for the purpose of diluted earnings per share	65,885,155	65,885,155
Basic earnings per share (note)	RMB0.11	RMB0.05
	CAD0.02	CAD0.01
Diluted earnings per share (note)	RMB0.11	RMB0.05
	CAD0.02	CAD0.01

Note: The CAD figures presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.0000 to CAD0.1981 for the three-month period ended March 31, 2026 and RMB1.0000 to CAD0.1973 for the three-month period ended March 31, 2025, being the average exchange rate that prevailed during the respective periods.

From discontinued operations

Basic and dilutive losses per share for the discontinued operations is RMB0.00 per share (2025: loss per share of RMB0.00), based on the loss for the period attributed to owners of the Company from the discontinued operations of approximately RMB80,000 (2025: loss for the period of RMB87,000) and the denominators detailed above for both basic and diluted earnings per share.

8. EARNINGS PER SHARE - continued

For continuing operations

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

	For three-month periods ended March 31, 2026 RMB'000	2025 RMB'000
Earnings		
Profit for the period attributable to owners of the Company	6,961	3,305
Loss for the period from discontinued operations attributable to owners of the Company	80	87
Profit for the purpose of basic earnings per share from continuing operations	7,041	3,392
Profit for the purpose of dilutive earnings per share	7,041	3,392
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	65,885,155	65,885,155
Weighted average number of ordinary shares for the purpose of diluted earnings per share	65,885,155	65,885,155
Basic earnings per share	RMB0.11	RMB0.05
	CAD0.02	CAD0.01
Diluted earnings per share	RMB0.11	RMB0.05
	CAD0.02	CAD0.01

9. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the current period, the Group incurred approximately RMB16,074,000 (2025: RMB1,905,000) for acquiring pipelines which are used in the construction and other equipment. Construction in progress of approximately RMB9,439,000 (2025: RMB1,092,000) have been transferred to property and equipment during the three-month period ended March 31, 2026.

10. RIGHT-OF-USE ASSETS AND LONG-TERM LEASE PREPAYMENTS

	Leasehold properties RMB'000	Leased lands RMB'000	Total RMB'000
As at January 1, 2025			
Carrying amount	2,668	98,613	101,281
As at December 31, 2025			
Carrying amount	1,761	99,607	101,368
As at March 31, 2026			
Carrying amount	1,279	99,030	100,309
For the period ended March 31, 2026			
Depreciation charge	(287)	(577)	(864)
For the period ended March 31, 2025			
Depreciation charge	(373)	(561)	(934)

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

In addition, the Group also leases lands in the PRC for gas utility distribution and gas stations. Other than a land lease in Hunan province, the PRC, the land leases are usually prepaid upfront. Terms of the land leases are ranging from 5 to 50 years.

The Group regularly entered into short-term leases for staff quarters. As at March 31, 2026, the portfolio of short-term leases is similar to the portfolio of short-term leases as of December 31, 2025.

Sale and leaseback transactions – seller-lessee

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

11. INTERESTS IN ASSOCIATES

	March 31, 2026 RMB'000	December 31, 2025 RMB'000
Cost of investments in associates - unlisted	24,458	24,458
Share of post-acquisition profits and other comprehensive income	37,504	36,990
	61,962	61,448

Details of the Group's associates as at March 31, 2026 and December 31, 2025 are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Paid-up capital 31/3/2026 RMB'000	Paid-up capital 31/12/2025 RMB'000	Proportion of ownership interest held by the Group 31/3/2026	Proportion of ownership interest held by the Group 31/12/2025	Proportion of voting rights held by the Group 31/3/2026	Proportion of voting rights held by the Group 31/12/2025	Principal activity
Pingxiang Xinao CF (Note i)	The PRC	The PRC	32,460	32,460	40%	40%	40%	40%	Gas sales and distribution and pipeline installation and connection
Sichuan Xiangshu Petrochemical Co., Ltd* 四川湘蜀石油化工有限公司 ("Xiangshu") (Note ii)	The PRC	The PRC	250	250	23.2%	23.2%	23.2%	23.2%	Refined oil sales and distribution
Sichuan Lingnan Huapu New Energy Co., Ltd* 四川领南桦朴新能源有限公司 ("Lingnan Huapu") (Note iii)	The PRC	The PRC	2,245	2,245	28.4%	28.4%	28.4%	28.4%	Provision of EV battery service

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

Note:

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

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

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

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

Summarized financial information of a material associate

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

11. INTERESTS IN ASSOCIATES - continued

Pingxiang Xinao CF

	March 31, 2026 RMB'000	December 31, 2025 RMB'000
Current assets	52,259	55,529
Non-current assets	171,258	170,060
Current liabilities	101,054	104,445
Non-current liabilities	531	537

	For three-month periods ended March 31,	
	2026 RMB'000	2025 RMB'000
Revenue	44,011	59,400
Profit for the period	1,323	4,778
Total comprehensive income for the period	1,323	4,778

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

	March 31, 2026 RMB'000	December 31, 2025 RMB'000
Net assets of Pingxiang Xinao CF	121,932	120,608
Proportion of the Group's interest in Pingxiang Xinao CF	40%	40%
	48,773	48,243
Add: Fair value adjustment	11,009	11,009
Carrying amount of the Group's interest in Pingxiang Xinao CF	59,782	59,252

12. CONTRACT ASSETS

	March 31, 2026 RMB'000	December 31, 2025 RMB'000
Contract assets from pipeline construction works	25,040	27,976
Less: Allowance for credit losses	(134)	(134)
	24,906	27,842

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

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

Construction contracts of pipeline construction works

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

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

13. TRADE RECEIVABLES

	March 31, 2026 RMB'000	December 31, 2025 RMB'000
Trade receivables		
- Gas sales	39,055	42,148
- Pipeline installation and connection	30,216	29,400
	69,271	71,548
Less: Allowance for credit losses	(7,858)	(7,806)
	61,413	63,742

14. OTHER RECEIVABLES, PREPAID EXPENSES AND DEPOSITS

	March 31, 2026 RMB'000	December 31, 2025 RMB'000
Pipeline relocation receivables (note)	15,396	15,279
Prepayments for gas purchase	7,502	3,458
Prepayments for property and equipment	5,079	4,934
Rental deposits	169	271
VAT recoverable	21,158	17,919
Other prepayments and deposits	6,533	4,262
	55,837	46,123
Less: impairment loss recognized	(556)	(556)
	55,281	45,567
Analyzed for reporting purposes as follows:		
- Current assets	47,497	40,130
- Non-current assets	7,784	5,437
	55,281	45,567

Note: During the three-month periods ended March 31, 2026 and 2025, due to the change in city planning, local government notified the Group to relocate its gas pipelines for complying with the revised city plan and agreed that the local government would compensate part of the costs incurred by the Group as a result of the notified relocation. The balance represents cost incurred on construction of new pipelines as a result of the relocation notices. The Group expects RMB14,944,000 (December 31, 2025: RMB14,827,000) would be refunded by the local government in 2025 with the remaining balance of RMB452,000 (December 31, 2025: RMB452,000) to be refunded beyond 2026.

15. DERIVATIVE FINANCIAL INSTRUMENT

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

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

15. DERIVATIVE FINANCIAL INSTRUMENT - continued

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

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

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

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

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

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

16. BANK BALANCES AND CASH /FIXED BANK DEPOSITS

Bank balances and fixed bank deposits carried market interest rates which ranged from 0.01% to 1.35% per annum as at March 31, 2026 (December 31, 2025: 0.01% to 1.35%).

17. TRADE AND OTHER PAYABLES

	March 31, 2026 RMB'000	December 31, 2025 RMB'000
Trade and construction payables	25,537	35,067
Payable on property and equipment acquisition	69,717	90,940
Accrued wages and staff benefits	3,438	4,872
Accrued audit fee	404	1,220
Other tax payables	1,073	1,367
Temporary receipt for pipeline relocation	13,349	13,356
Other payables and accrued expenses	9,631	10,437
	123,149	157,259

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

18. RELATED PARTY BALANCES/TRANSACTIONS DISCLOSURE

No related party transactions were identified for the three-months periods ended March 31, 2026 and 2025.

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

Balances

Name of related party	Relationship	Terms	March 31, 2026 RMB'000	December 31, 2025 RMB'000
Pingxiang Xinao CF	Associate	Non-trade, unsecured and non-interest bearing (note 1)	11,000	11,000
Sichuan Xiangshu	Associate	Non-trade, unsecured and non-interest bearing	320	320
			11,320	11,320
A director	Director	Unsecured and non-interest bearing (note 2)	-	63

Note 1: The balance represents a loan of RMB11,000,000 to Pingxiang Xinao CF plus interest accrued at 4.35% per annum until October 16, 2019 when the Group entered a supplemental agreement with Ping Xiang Xinao CF to waive accruing interest from October 17, 2019 and onwards. As at 31 March 2026, the outstanding balance is not expected to be repaid within 12 months and therefore the amount is classified as non-current asset.

18. RELATED PARTY BALANCES/TRANSACTIONS DISCLOSURE - continued

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

Compensation of key management personnel

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

	For three-month periods ended March 31,	
	2026	2025
	RMB'000	RMB'000
Short-term benefits	1,013	902

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

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

The balance represents the loan to Sichuan Tianzhiyuan Energy Technology Limited as unsettled capital injected into Meishan Hengtai Tianzhiyuan Energy Co., Ltd. bearing interest at 5.88% per annum amounted to RMB2,796,000 (December 31, 2025: RMB2,766,000). In the opinion of the management of the Company, the outstanding balance is not expected to be repaid within 12 months after the end of reporting period and therefore the amount is classified as non-current asset.

20. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2026	December 31, 2025
	RMB'000	RMB'000
- Unlisted equity investments	1,219	1,219

In September 2020, the Group entered into an agreement to invest RMB2,000,000 for 2.0% of the total equity shares of Hainan Shanglian Investment Co., Ltd.* (海南商联投资有限公司) ("Shanglian"). The Group made initial capital injection of RMB500,000 in 2020 and sequential injections of RMB505,200 and RMB213,700 in 2021 and 2022, respectively. As of March 31, 2026, the fair value of the 2.0% equity interest in Shanglian was RMB1,219,000 (2025: RMB1,219,000).

20. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - continued

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

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

Due to strategic adjustments and continued losses, Beijing Taisheng has undergone significant internal restructuring in 2025. Beijing Taisheng ceased production of EV battery swap stations and the provision of energy storage in 2025. Based on the preliminary assessment, the Group believes that the fair value of this investment has significantly declined, and the recoverable amount of this equity investment is expected to be zero. The investment was fully written down in 2025. As of March 31, 2026, the fair value of the 3.43% equity interest in Beijing Taisheng was RMB nil (December 31, 2025: RMB nil).

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

21. SHORT-TERM BANK BORROWINGS AND LONG-TERM DEBTS

During the three-month period ended March 31, 2026, the Group obtained new short-term bank borrowings amounted to RMB60,000,000 (2025: RMB13,000,000) and new long-term debts amounted to RMB27,678,000 (2025: RMB21,642,000). Short-term bank borrowings of RMB13,000,000 (2025: RMB18,000,000) and long-term debts of RMB36,503,000 (2025: RMB28,100,000) were repaid during the three-month period ended March 31, 2026.

22. CONTRACT LIABILITIES

	March 31, 2026 RMB'000	December 31, 2025 RMB'000
Commenced pipeline installation and connection projects	56,342	54,265
Receipts in advance from customers		
- Pipeline installation and connection projects prior to commencement	15,366	18,724
- Natural gas sales and others	48,887	51,985
	120,595	124,974

23. DEFERRED INCOME - GOVERNMENT GRANTS

The Group received RMB5,269,000, RMB2,553,000, RMB12,110,000, RMB9,244,000, RMB30,800,000, RMB2,898,000 and RMB32,161,000 in government grants to fund the construction of certain items of property and equipment for the Group's operation in Sanya City in 2012, 2019, 2020, 2022, 2023, 2024 and 2026 respectively. These government grants were recognized as a long-term liability and will be recognized in the consolidated statement of profit or loss on the same basis as depreciation of the related property and equipment over the expected useful lives of the relevant assets. As at March 31, 2026, part of the property and equipment are ready for use and RMB549,000 (2025: RMB524,000) is recognized as other income. As at March 31, 2026, the government grants of RMB84,257,000 was recognized as a non-current liability (December 31, 2025: RMB52,645,000).

24. SHARE CAPITAL

Share capital of the Company

	Number of shares	Amount RMB'000
Common shares		
Issued and fully paid:		
At December 31, 2025 and March 31, 2026	65,885,155	70,978

25. SHARE-BASED COMPENSATION

Equity-settled share option scheme of the Company:

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

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

25. SHARE-BASED COMPENSATION - continued

Since the adoption of the long-term incentive plan with effect from December 23, 2022, no further options can be issued under the Option Scheme.

	Number of share options
Outstanding as at January 1, 2025 and March 31, 2025	2,050,000
Outstanding as at January 1, 2026 and March 31, 2026	-

Equity-settled share-based award scheme of the Company:

The Employee Stock Award Plan (the "Award Scheme") were adopted on October 29, 2020 for the primary purpose of compensating eligible employees of the Company and subsidiaries of the Company for their shortfall in salaries and motivating the employees to retain in the Group so that they may participate in any future growth of the Group. Under the Award Scheme, the Board may grant awards to eligible participants including all employees on the payroll records of the Group. The aggregate number of shares that may be issued under the Award Plan is fixed at 6,546,315, representing 10% of the issued and outstanding shares of the Company at the date of adoption of the Share Award. The total number of shares which may be reserved for issuance to any one individual under the Award Plan within any one-year period shall not exceed 5% of the issued and outstanding shares and the total number of shares which may be reserved for issuance to any consultant within any one-year period shall not exceed 2% of the issued and outstanding shares.

Upon the Award Scheme, the Company may grant share awards to eligible employees provided that the employees have satisfied any performance conditions set by the Board, the Company may issue and deliver to each eligible employee an award of a number of shares equal to (i) the value of the compensation determined by the Board to be earned by such eligible employee on the date of approval of an Award (the "Compensation"), divided by (ii) the Average Market Price of the shares on the date of approval of the Share Award less the maximum allowable discount to the Average Market Price permitted by the securities exchange upon which the shares are listed.

Since the adoption of the long-term incentive plan with effect from December 23, 2022, no further options can be issued under the Award Scheme.

25. SHARE-BASED COMPENSATION - continued

New Long-term Incentive Plan of the Company:

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

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

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

26. CAPITAL COMMITMENTS

	March 31, 2026 RMB'000	December 31, 2025 RMB'000
Capital expenditure in respect of the acquisition of property and equipment and the construction of pipelines under development contracted for but not provided in the financial statements	64,326	85,679
Capital injection in respect of the investment in Hainan Shanglian Investment Co., Ltd. contracted for but not provided in the financial statements	781	781

27. CAPITAL RISK MANAGEMENT

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

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

The Group reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of its operations, is reasonable. The Group monitors its compliance with all of its capital requirements, including financial covenants and non-financial covenants relating to the credit lines and bank loans, as applicable. As at March 31, 2026, the Company was in compliance with all of its covenants.

There were no changes in the Group's approach to capital management during the three-month periods ended March 31, 2026.

During the three-month periods ended March 31, 2026 and 2025, no dividend was declared to the shareholders.

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	March 31, 2026 RMB'000	December 31, 2025 RMB'000
Financial assets		
Financial assets at amortized cost	193,887	177,235
Equity instruments at FVTOCI	1,219	1,219
Financial liabilities		
Liabilities measured at amortized cost	652,943	647,150

28. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies

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

Market risk

Foreign exchange risk

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

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

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

	Liabilities		Assets	
	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
	RMB'000	RMB'000	RMB'000	RMB'000
United States Dollars ("US$")	-	-	757	467
CAD	(117)	(296)	392	475
Hong Kong Dollars ("HKD")	(198)	(204)	173	218

Sensitivity analysis

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

28. FINANCIAL INSTRUMENTS - continued

(c) management objectives and policies - continued

Interest rate risk

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

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

	Impact on profit for the three-month periods ended March 31,	
	2026	2025
	RMB'000	RMB'000
Interest rate + 1%	2,433	2,680
Interest rate - 1%	(2,433)	(2,680)

Credit risk and impairment assessment

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

As at March 31, 2026 and December 31, 2025, the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at March 31, 2026 and December 31, 2025, in relation to each class of recognized financial assets is the carrying amount of those financial assets as stated in the condensed interim consolidated statement of financial position.

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

28. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

Trade receivables and contract assets arising from contracts with customers

In order to minimize the credit risk of trade receivables and contract assets, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The Group performs impairment assessment under ECL model based on provision matrix. Trade receivables and contract assets are grouped under different provision matrix by nature of products and services based on credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers, impairment losses, net of reversal of RMB54,000 (2025: impairment loss, net of reversal of RMB41,000) is made for the three-month period ended March 31, 2026, of which RMB nil (2025: RMB nil) is related to discontinued operations.

Bank balances/fixed bank deposits

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

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

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

28. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there was no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the three-month periods ended March 31, 2026 and 2025, the Group assessed the ECL for other receivables and deposits were insignificant and thus no loss allowance was recognized.

Liquidity risk

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

The Group's financial liabilities consist of long-term debts, lease liability, trade and other payables, amounts due to non-controlling interest of a subsidiary, dividend payable to non-controlling interest of a subsidiary and short-term bank borrowings which are expected to be realized within one year.

As at March 31, 2026, the Group had a working capital deficiency of RMB264,322,000. The Group had bank balances and cash of RMB77,638,000 to settle current liabilities of RMB483,589,000. The Group believes that this deficiency can be funded through projected operating cash flows from operations and through securing additional financing from third-party financial institutions. Management is satisfied that the Group will have sufficient financial resources to meet its financial obligations including the capital commitments. Taking into account the Group's cash flow projection, including the term facility, the Group's ability to renew or refinance the banking facilities upon maturity and the Group's future capital expenditure in respect of its non-cancellable capital commitments, management considers that it has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period.

28. FINANCIAL INSTRUMENTS - continued

(c) Fair value measurements of financial instruments

The Group's derivative financial instrument are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There was no transfers between different levels during both three-month periods ended March 31, 2026 and 2025.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31/3/2026	31/12/2025		
Equity instrument	Asset – RMB nil	Asset – RMB nil	Level 3	Market approach – in this approach, the appraisal value of an asset was based on the transaction price of similar items, whether from recent transactions or using market multiples and guideline public company method.
Equity instrument	Asset – RMB1,219,000	Asset – RMB1,219,000	Level 3	Income approach - in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of its investee, based on an appropriate discount rate.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management of the Group considers that the carrying amounts of other financial assets and financial liabilities recognized in the condensed interim consolidated financial statements approximate their fair values.

29. SEASONALITY OF OPERATIONS

Seasonality can impact the Group's natural gas distribution sales. The Group's current operations are primarily located in Sanya City, an international tourist destination in the PRC's only tropical province. Sanya City attracts more tourists monthly from December to February than the rest of the year. The Group's natural gas sales are higher during this high tourism season, as a large portion of the Group's natural gas sales are made to hotels and restaurants.