Beijing Gas Blue Sky Holdings Limited
北京燃氣藍天控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 6828

Annual Report 2024

CONTENTS

FINANCIAL CONTENTS

CORPORATE INFORMATION

(as at 26 March 2025)

BOARD OF DIRECTORS

Executive Directors

Mr. Li Weiqi *(Chairman of the Board)*
Mr. Wu Haipeng *(Chief Executive Officer)*
Mr. Li Xianning *(Chief Financial Officer)*
Mr. Yeung Shek Hin

Non-executive Directors

Mr. Shao Dan *(Resigned on 28 October 2024)*
Mr. Gao Ping *(Appointed on 28 October 2024)*

Independent Non-executive Directors

Mr. Cui Yulei
Ms. Hsu Wai Man Helen
Mr. Xu Jianwen

COMMITTEE MEMBERS

Audit Committee

Ms. Hsu Wai Man Helen *(Chairman)*
Mr. Cui Yulei
Mr. Xu Jianwen

Remuneration Committee

Mr. Cui Yulei *(Chairman)*
Ms. Hsu Wai Man Helen
Mr. Xu Jianwen

Nomination Committee

Mr. Li Weiqi *(Chairman)*
Mr. Cui Yulei
Ms. Hsu Wai Man Helen
Mr. Xu Jianwen

Compliance Committee

Ms. Hsu Wai Man Helen *(Chairman)*
Mr. Yeung Shek Hin
Mr. Cui Yulei
Mr. Xu Jianwen

AUTHORISED REPRESENTATIVES

Mr. Yeung Shek Hin
Ms. Annie Chen

COMPANY SECRETARY

Ms. Annie Chen

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG OFFICE

Room 1003-04, 10/F, Tower Two, Lippo Centre
89 Queensway
Hong Kong

BERMUDA SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants and
Registered Public Interest Entity Auditor

LEGAL ADVISER

as to Hong Kong Law
Loeb & Loeb LLP
2206-19 Jardine House
1 Connaught Place
Central
Hong Kong

COMPLIANCE ADVISER

Asian Capital Limited

PRINCIPAL BANKERS

China CITIC Bank Corporation Limited
China Merchants Bank Co., Ltd.
Chong Hing Bank Limited
Hua Xia Bank Co., Limited
Mizuho Bank, Ltd., Hong Kong Branch
The Industrial and Commercial Bank of China Limited
The Bank of East Asia, Limited

COMPANY WEBSITE

www.bgbluesky.com

STOCK CODE

6828

CHAIRMAN'S STATEMENT

Dear shareholders:

The year 2024 ("**Year**" or "**FY2024**") witnessed continuous recovery of global economy and the overall growth in trade demand. However, problems such as intensifying geopolitical tensions and deepening reconstruction of global supply chains remained, and risk factors such as increasing uncertainties became more obvious. In the face of the complex and severe situation with increasing external pressures and growing internal challenges, the People's Republic of China (the "**PRC**") remained stable in general economic performance while making progress, and steadily advanced high-quality development.

Focusing on the natural gas market, its position as the main force of clean energy has become more and more stable in the past year. In June 2024, the National Development and Reform Commission of the PRC (the "**NDRC**") issued the Measures for the Administration of Natural Gas Utilization, which revised the policies related to natural gas utilization, so as to strengthen the efficient utilization of natural gas, coordinate the market development and stabilize supply of natural gas, and further guide the regulated and effective development of the natural gas market. Benefiting from the increasing demand for natural gas in various fields such as residents, transportation, industrial substitution and power generation, the consumption of natural gas has increased rapidly. According to statistics from the NDRC, the apparent consumption of natural gas in China reached 426.05 billion cubic meters in FY2024, representing a year-on-year increase of 8%.

The year 2024 was a crucial year for the "14th Five-Year" Plan, and also a crucial year for the Company's strategic transformation. Beijing Gas Blue Sky Holdings Limited (the "**Company**") together with its subsidiaries ("**Beijing Gas Blue Sky**" or the "**Group**"), with the full support of the controlling shareholders and the guidance of the management of the Company, closely focused on the core of high-quality development, deeply integrated the strategy of "carbon peaking and carbon neutrality" with the development opportunity of the natural gas market, forged ahead, constantly consolidated its advantages in natural gas business and ensured the safe and stable supply of natural gas. At the same time, the Group clarified the strategic direction of new energy transformation and upgrading, actively explored new fields and new tracks, and steadily improved the businesses.

During the year of 2024, the Group recorded revenue of RMB1,688.4 million, a year-on-year decrease of 12.8%; and recorded profit for the year attributable to shareholders of the Company of RMB85.1 million, a year-on-year increase of 3.5%. During the year, the Group continued to improve its financial position through various measures such as enhancing operational efficiency, optimizing financing structure and reducing financing costs. The profit for the year and net assets continuously increased, with further enhancement in the sustainable operational capabilities.

In terms of the new energy and integrated clean energy business, the Group is keenly aware of market opportunities, and accelerates the layout of new energy and integrated clean energy business through investment, acquisition and other means, so as to expand the growth space. In April 2024, the Group acquired the underlying assets of Beiqijia Business Park Energy Center Project. This project uses ground-source heat pumps for energy supply, conforming to the orientation of national "carbon peaking and carbon neutrality" policy, creating a new business growth point for the Company and achieving the diversification of the Company's business investment. In July 2024, the Group completed the acquisition of 49% of the equity interest in Beijing United Energy Engineering & Technology Company Limited (北京優奈特能源工程技術有限公司), which represented a significant progress in the research and development of new energy business technology of the Group, greatly enhanced its core competitiveness, and also brought new sources of income. In addition, the user-side energy storage system project of Jiangsu Yangzhou Wutingqiao Cylinder Liner Co., Ltd. (江蘇揚州五亭橋缸套有限公司) was officially put into operation in 2024, marking a solid step for the Group in the field of energy storage. The promotion of the new energy and integrated clean energy business is expected to bring new growth momentum to the Group, facilitating the optimization of the business structure of the Group, enabling the Group to realize diversified transformation from traditional natural gas projects to new energy business, and enhancing the technical strength and market competitiveness of the Group in the energy field.

Fighting for brilliance and flourishing the future with hard work. While thoroughly implementing the new strategy of energy security, strengthening supply security and continuously promoting green and low-carbon development in China, the natural gas industry will develop steadily and the new energy industry will continue to grow rapidly. In January 2025, the Energy Law of the People's Republic of China (the "**Energy Law**") officially came into effect. As the basic and guiding law in China's energy field, the Energy Law emphasizes the strategic orientation of accelerating the green and low-carbon energy development, coordinates high-quality development and high-level safety at the legal level, and provides a strong legal guarantee for accelerating the construction of a clean, low-carbon and efficient new energy system. Looking forward to the future, Beijing Gas Blue Sky will actively renew itself and bear the responsibility of breaking the bottleneck with more resolute steps, so as to promote the transformation of new energy. Beijing Gas Blue Sky will constantly strengthen its core competitiveness, enhance its market influence, optimize its diversified collaboration capabilities, inject new vitality into the sustainable and high-quality development of the enterprise, and create more returns for shareholders.

In the end, on behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, I would like to express my sincerest gratitude to all shareholders, customers and business partners for their heartfelt care, steadfast support and profound trust in the Group, and I would also like to express my highest respect to all staff for their conscientiousness, struggle and progress!

Li Weiqi
Chairman
Hong Kong, 26 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2024, the global natural gas market maintained a slack balance between supply and demand, but still faced uncertainties cast by geopolitical tensions, sanctions and counter-sanctions, and extreme weather events. On the domestic front, China's natural gas demand witnessed rapid growth as the nation's macro economy recovered steadily to the trajectory of positive momentum. Data released by the National Bureau of Statistics showed that 246.4 billion cubic meters ("**m^3**") of natural gas were produced by industrial enterprises above the designated size in 2024, up by 6.2% year on year; 131.69 million tons of natural gas were imported, up by 9.9% year on year. According to statistics published by the National Development and Reform Commission, the whole nation recorded apparent consumption of natural gas totalling 426.05 billion m^3, up by 8% year on year.

In the past year, the Chinese government intensified efforts in macroeconomic management, prioritising reforms, opening-up, domestic demand expansion and economic restructuring, and ensuring stable and progressive economic growth with significant strides made in high-quality development. Guided by the "carbon peaking and carbon neutrality" goals, China accelerated the transformation of energy structure, to consolidate the fundamental industries of the national economy and safeguard the lifeline of national security. As a clean fossil fuel, natural gas plays a pivotal role in the energy landscape. In November 2024, the 12th Session of the Standing Committee of the 14th National People's Congress enacted the Energy Law of the People's Republic of China, explicitly proposing to boost exploration and development of oil and natural gas resources, enhance supply security for domestic oil and natural gas consumption, and actively promote development and utilisation of new energy resources by leveraging strengths of energy consumption scenarios, technological advancements and natural gas resource reserves.

In the realm of new energy, in November 2024, the National Development and Reform Commission and other authorities released the Guiding Opinions on Vigorously Promoting the Renewable Energy Substitution Action Plan (《關於大力實施可再生能源替代行動的指導意見》), demanding all-round improvement in supply security and reliability for renewable energy, coordinating supply and demand, and transitioning energy system in a gradual and structured fashion, and adopting a coordinated approach to balance renewable energy supply and green energy consumption in key areas, accelerate the replacement of incremental energy needs, steadily expand the substitution of existing energy sources and prudently promote the transition from traditional fossil fuels to renewable energy. The Energy Law of the People's Republic of China officially came into effect in January 2025, which, as a fundamental and overarching law in China's energy sector, highlights the strategic direction for accelerating green and low-carbon development, coordinates high-quality growth and high-standard security at the legislation level, and establishes a strong legal framework to support the building of a clean, low-carbon, safe and efficient energy system. Based on such, the keynote of energy work for the future will be advancing energy technology innovation, adjusting the energy structure, fostering energy market development and improving energy efficiency, which will present significant opportunities in the new energy sector.

As a member of the energy system, the Group earnestly shouldered the responsibilities as a critical role of ensuring energy security, consistently bolstered the foundation of resource supply, enhanced the natural gas supply capacity and supported the sound development of natural gas operations. Additionally, the Group intensified efforts to expand clean and low-carbon businesses and actively deployed new energy ventures, contributing significantly to shaping a new energy supply pattern.

BUSINESS REVIEW

In 2024, the Group consolidated the fundamentals of natural gas segment and achieved steady progress in expanding new energy operations by leveraging its comprehensive strengths across the industrial chain and cultivating in-depth insights into customer needs. The Group's total gas sales volume for FY2024 amounted to 546.7 million m^3 (FY2023: 733.6 million m^3), representing a decrease of 25.5% as compared to last year, which was mainly due to the contraction of overall natural gas demand in 2024.

During the Year, the revenue of the Group was RMB1,688.4 million (FY2023: RMB1,935.6 million), representing a decrease of 12.8% as compared to FY2023, which was primarily due to the decline in revenue from the natural gas trading and distribution business. The total gross profit of the Group was RMB49.7 million (FY2023: RMB58.8 million), representing a decrease of 15.5% as compared to FY2023. The Group's gross profit margin was 2.9% for FY2024 (FY2023: 3.0%), which remained stable as compared to FY2023. For FY2024, the Group's profit was RMB84.9 million (FY2023: RMB92.4 million), representing a decrease of 8.0% as compared to FY2023. Profit attributable to the shareholders of the Company was RMB85.1 million (FY2023: RMB82.2 million), representing an increase of 3.5% as compared to FY2023.

As at 31 December 2024, the Group's natural gas projects mainly covered a total of 10 provinces, municipalities and autonomous regions in the PRC, details of which are set out below:

Location	LNG/ CNG refueling stations Approximate gas sales volume (m^3)	City gas Approximate gas sales volume (m^3)	Direct supply Approximate gas sales volume (m^3)	Trading and distribution Approximate gas sales volume (m^3)	Subtotal Approximate gas sales volume (m^3)	LNG processing volume Approximate processing volume (m^3)	Total Approximate volume (m^3)
Subsidiaries:							
Zhejiang Province	–	–	–	174,382,628	174,382,628	–	174,382,628
Guangxi Zhuang Autonomous Region	–	118,990,000	690,000	–	119,680,000	–	119,680,000
Shanxi Province	634,300	106,045,800	–	–	106,680,100	–	106,680,100
Guangdong Province	–	–	–	81,665,787	81,665,787	–	81,665,787
Jilin Province	588,890	38,346,337	–	–	38,935,227	–	38,935,227
Shanghai Municipality	–	–	–	12,128,704	12,128,704	–	12,128,704
Anhui Province	1,243,620	–	3,111,402	567,722	4,922,744	–	4,922,744
Liaoning Province	–	4,381,000	–	–	4,381,000	–	4,381,000
Hainan Province	2,460,000	–	1,097,516	359,464	3,916,980	–	3,916,980
Subtotal	4,926,810	267,763,137	4,898,918	269,104,305	546,693,170	–	546,693,170
Associate:							
Hebei Province	–	–	–	–	–	6,340,570,000	6,340,570,000
Subtotal	–	–	–	–	–	6,340,570,000	6,340,570,000
Total	4,926,810	267,763,137	4,898,918	269,104,305	546,693,170	6,340,570,000	6,887,263,170

Financial Highlights:

Year ended 31 December	2024 RMB'000	2023 RMB'000 (Restated)	Change %
Revenue	**1,688,431**	1,935,619	(12.8)
Gross profit	**49,706**	58,848	(15.5)
Gross profit margin (in percentage)	**2.9%**	3.0%	Decreased by 0.1 percentage points
Profit for the year	**84,945**	92,375	(8.0)
Profit attributable to shareholders of the Company	**85,066**	82,161	3.5
Basic EPS	**RMB0.37 cents**	RMB0.36 cents	2.8
EBITDA	**304,988**	370,970	(17.8)

31 December	2024 RMB'000	2023 RMB'000 (Restated)	Change %
Cash and cash equivalents	**360,328**	363,708	(0.9)
Total assets	**4,450,628**	4,564,431	(2.5)
Total equity	**1,480,155**	1,419,225	4.3

Development and Operation of City Gas Business

During FY2024, the Group kept adjusting its strategy and development direction after developing insights in market environment and trends with proactive approaches and according to changes in China's market and global economic developments, and continuously optimised and integrated its city gas business portfolio, aiming to achieve sustainable growth. Currently, the Group has 6 city gas projects which are principally located in Guangxi Zhuang Autonomous Region and Shanxi Province. Details of the operation performance of the Group's development and operation of city gas business during FY2024 are set out below:

	FY2024	FY2023	Change %
Natural gas volume sold (million m^3)	**267.8**	284.8	(6.0)
– Residential users	**82.3**	76.1	8.1
– Non-residential users	**185.5**	208.8	(11.2)

The natural gas sold to residential users and non-residential users reached 267.8 million m^3 (FY2023: 284.8 million m^3), representing a decrease of 6% as compared to FY2023, which was mainly due to the decline in natural gas consumption of non-residential users under the backdrop of industrial users being affected by less-than-expected economic growth. During the Year, the Group connected gas pipelines for 33,084 new users, and the accumulated number of users reached 569,369, of which 32,849 were new residential users, with the accumulated number of residential users reaching 565,467; the Group secured 235 new non-residential users and the accumulated non-residential users reached 3,902. For the LNG and CNG refueling station business, the Group recorded gas sales volume of 4.9 million m^3 (FY2023: 9.9 million m^3).

The Group recorded a revenue of RMB928.1 million from city gas business during FY2024 (FY2023: RMB915.2 million), representing an increase of 1.4% as compared to FY2023. The income from natural gas sales amounted to RMB842.6 million (FY2023: RMB816.7 million), representing an increase of 3.2% as compared to FY2023. The Group recorded connection fee income of RMB85.5 million (FY2023: RMB98.5 million), representing a decrease of 13.2% as compared to FY2023. The decrease in connection fee income was mainly due to the decrease of connection services provided for industrial users as compared to FY2023.

Trading and Distribution of LNG and CNG Business

During FY2024, the Group recorded a total trading volume of 269.1 million m^3 (FY2023: 433.2 million m^3), representing a decrease of 37.9% as compared to FY2023, and the Group sold 4.9 million m^3 (FY2023: 5.7 million m^3) of natural gas to its direct supply industrial users during FY2024.

The sales of trading and distribution of natural gas business amounted to RMB751.2 million (FY2023: RMB1,020.4 million). The decrease of business sales was primarily due to the decrease in the demand for natural gas.

During FY2024, China's LNG market saw a slowdown in demand growth, but maintained a strong resilience. With the increasingly expanding volume of domestically produced LNG, the LNG market witnessed a trend of diversification on the supply side, and the pattern of "slack balance between supply and demand" dominated the whole market. With exquisite market acumen, the Group further adjusted its gas source procurement strategy and fixed high-quality but low-price gas sources with far-sighted vision while deepening cooperation with upstream suppliers and optimising the purchasing mix. In October 2023, the Company entered into the master agreement with Beijing Gas Group (Tianjin) Natural Gas Limited*（北京燃氣集團（天津）天然氣銷售有限公司）("**BGGT**"), a wholly-owned subsidiary of Beijing Gas Group Co., Ltd.*（北京市燃氣集團有限責任公司）("**Beijing Gas Group**"), the controlling shareholder of the Group, pursuant to which BGGT (or its designated subsidiaries or associates) agreed to sell and the Company (or its designated subsidiaries) agreed to purchase natural gas for a term commencing from 1 January 2024 to 31 December 2026 (both days inclusive) (the "**Agreement**"). Further details are set out in the Company's circular dated 6 December 2023. The Agreement was approved at the special general meeting in December 2023. Execution of the Agreement demonstrates that the Company is supported by Beijing Gas Group in terms of gas supply, which serves as a strong guarantee for natural gas supply to the Company, thus laying a solid foundation for business expansion.

LNG Receiving Terminal Project

As at 31 December 2024, the Group owned 29% equity interests in PetroChina Jingtang LNG Co., Ltd.（中石油京唐液化天然氣有限公司）(“**PetroChina Jingtang**”). The LNG receiving terminal of PetroChina Jingtang is the main winter peak loading and supply station in the Beijing-Tianjin-Hebei region with the largest storage capacity and the strongest peak loading capacity in China. Facilities such as supporting dedicated dock and export pipelines have been constructed and the storage capacity has reached 1.28 million m^3, and can supply about 4 billion m^3 of natural gas to the Beijing-Tianjin-Hebei region annually. At peak times, the gas supply by such facilities to Beijing can account for about 40% of the total consumption in Beijing.

During FY2024, the total throughput volume of LNG of PetroChina Jingtang Project amounted to 6,340.6 million m^3 (FY2023: 6,906.9 million m^3), representing a decrease of 8.2% as compared to FY2023, which was primarily attributable to the decline in peak loading demands amid the higher average temperature of Beijing affected by the warm winter of 2024.

Development and Operation of Integrated Clean Energy and New Energy Business

Amid the global shift toward energy transition, traditional energy companies have developed the consensus that it is imperative to embrace new energy. The Guiding Opinions on Energy Work for 2024（《2024年能源工作指導意見》）stated that it is necessary to further advance the progress of achieving carbon peaking and carbon neutrality goals, boost the share of non-fossil energy through various measures, and improve policies to facilitate industry development. In line with these trends, the Group actively ventured into new energy sectors, including energy storage, distributed energy and hybrid energy integration, fostering the synergy between its core natural gas business and new energy initiatives, and transforming itself into a pioneering and innovative energy service provider.

During the Year, the Group further advanced new energy business development through acquisitions and partnership and achieved breakthrough progress in this field.

(i) Acquisition of 49% of the equity interests in Beijing United Energy Engineering & Technology Company Limited*（北京優奈特能源工程技術有限公司）(“Beijing United”)

During the Year, the Group completed the acquisition of 49% of the equity interests in Beijing United. Beijing United is an enterprise in the technology space that is principally engaged in the planning, designing and consulting of gas, heat, comprehensive energy utilisation and new energy power generation projects. The acquisition of Beijing United will facilitate the Group’s development of its renewable energy business and expansion of its clean energy sector, thereby bringing new momentum to the business of the Group. Further details are set out in the announcements of the Company dated 19 December 2023, 17 January 2024 and 3 July 2024.

(ii) Acquisition of the relevant assets of the Beiqijia Business Park Energy Center Project ("Beiqijia Assets")

During the Year, Beijing Beiran Energy Co., Ltd.* (北京北燃能源有限公司), an indirect wholly-owned subsidiary of the Company, completed the acquisition of the Beiqijia Assets at a consideration of RMB33,000,000 (equivalent to approximately HK$36,444,000). The Beiqijia Assets are principally utilised in the provision of cooling and heating services to occupants in the Beiqijia Business Park Energy Center Project, with cooling and heating areas covering over 131,000 square meters commercial area (non-residential) and over 51,900 square meters residential area (residential); and serving approximately 211 commercial area (non-residential) users and approximately 698 residential area (residential) users, respectively. Further details about the Beiqijia Assets are set out in the announcement of the Company dated 26 April 2024.

During FY2024, the Beiqijia Assets contributed revenue of RMB8.7 million (FY2023: Nil), and segment profit of RMB4.1 million (FY2023: Nil) to the integrated clean energy and new energy business of the Group.

(iii) Energy storage business

Advancement and adoption of energy storage technologies facilitate optimisation and upgrading of the energy structure and drive green transition of the economy and the society. Supported by technological innovation, a robust industrial chain, favourable policies and market mechanism, the application scenarios of energy storage are set to expand further, providing strong support for global energy transition and achievement of the carbon neutrality goal and creating broad market opportunities for the Group to develop the energy storage business. In 2024, the Group prioritised energy storage development in provinces with mature policies, favourable market conditions and competitive electricity pricing environments, focusing particularly on East China and South China for strategic deployment. During the Year, the Group completed the construction of the user-side energy storage system of Yangzhou WuTingQiao Cylinder Liner Co., Ltd.* (揚州五亭橋缸套有限公司) (the "**Yangzhou Project**") invested by Zhejiang Bo Xin Energy Co., Ltd.* (浙江博信能源有限公司), a subsidiary of the Group, which marked the Group's breakthrough in the energy storage business from zero to one in revenue generation. Further details about the Yangzhou Project are set out in the announcement of the Company dated 20 June 2024.

During FY2024, the Yangzhou Project contributed revenue of RMB0.4 million (FY2023: Nil), and segment profit of RMB0.3 million (FY2023: Nil) to the integrated clean energy and new energy business of the Group.

FUTURE PROSPECTS

During 2024, the Group received positive feedback on its fulfilment of ESG principles and performance in promoting sustainable development. The Group was awarded the "ESG Environmentally Friendly Excellent Enterprise*" (ESG環境友好卓越企業) in the ESG Jinge Award organised by Gelonghui. The recognition of the Group's performance in the capital market has also been significantly enhanced. Leveraging on its strong operational strength, the Group was awarded the "Most Potential Listed Company*" (最具潛力上市公司) in the China Financial Awards organised by the renowned financial magazine China Financial Market in conjunction with a number of authoritative organisations in Hong Kong, including the Chinese Securities Association of Hong Kong, Chinese Asset Management Association of Hong Kong, China Merger & Acquisition Association, Hong Kong Investor Relations Association and The Hong Kong Institute of Financial Analysts & Professional Commentators Limited. In December 2024, the Group was awarded the "Annual Transformation Pioneer Enterprise*" (年度轉型先鋒企業) in the Jinge Award organised by Gelonghui for its outstanding transformation and exceptional performance in the new energy sector, demonstrating its leading position and strong strength in the wave of energy transformation.

The integrated clean energy and new energy business of the Group successfully commenced in 2024. Looking forward to 2025, under the main theme of "seeking progress while maintaining stability, promoting stability through progress, adhering to the principles of integrity and innovation, establishing the new before abolishing the old and achieving systematic integration and coordination", the energy industry will also enter a critical period for comprehensively deepening reforms. The energy sector will focus on key areas such as green and low-carbon transformation, energy security, and innovation-driven technologies, to continuously optimise the energy structure, accelerate industrial upgrading and reconstruction, and vigorously develop renewable energy, thereby laying a solid energy foundation for high-quality economic and social development. Focusing on the core strategy of "carbon peaking and carbon neutrality", the Group will keep developing its integrated clean energy and new energy business, and enhance the advantages of its natural gas business to accelerate the expansion of new energy business, aiming to build the Group into a future-oriented integrated clean energy service provider.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of RMB1,688.4 million for FY2024 (FY2023: RMB1,935.6 million), representing a decrease of 12.8% as compared to FY2023, mainly due to the decrease in revenue from the trading and distribution of natural gas business.

Gross profit and gross profit margin

The Group recorded gross profit of RMB49.7 million for FY2024, representing a decrease of RMB9.1 million from RMB58.8 million for FY2023 and a decrease of 15.5% as compared to FY2023. In FY2024, the Group's gross profit margin was 2.9% (FY2023: 3.0%), which remained stable as compared to FY2023.

Earnings before interests, tax, depreciation and amortization

Earnings before interests, tax, depreciation and amortisation amounted to RMB305.0 million for FY2024 (FY2023: RMB371.0 million).

Other income and gains, net

For FY2024, the Group's other income and gains, net amounted RMB54.8 million (FY2023: RMB69.7 million), which mainly comprised (i) bank interest income of RMB2.3 million (FY2023: RMB2.9 million); (ii) government subsidies and grants of RMB16.6 million (FY2023: RMB34.3 million); and (iii) sundry income of RMB33.7 million (FY2023: RMB29.5 million).

Administrative expenses

In FY2024, administrative expenses amounted to RMB136.3 million, compared to RMB146.8 million for FY2023. During the Year, administrative expenses remained stable as compared to FY2023.

Reversal of impairment/(impairment) of financial assets, net

In FY2024, the Group's impairment of financial assets, net amounted to RMB37.1 million, such items were one-off items. In FY2023, the Group recognised certain reversals of impairment of financial assets.

Other expenses, net

In FY2024, the Group's other expenses, net amounted to RMB6.4 million (FY2023: RMB21.2 million), representing a decrease of RMB14.8 million as compared to FY2023.

Finance costs

Finance costs decreased by 36.3% from RMB173.7 million for 2023 to RMB110.7 million for 2024, as the Group started to replace HK$ and USD bank and other borrowings with RMB bank borrowings in 2023 (including a new facility with a principal in an aggregate amount of HK$700 million equivalent of RMB from Beijing Gas Group during the Year, which was used to replace bank and other borrowings with a principal in an aggregate amount of HK$700 million equivalent) to take full advantage of the lower-cost financing in RMB.

Income tax

Income tax expenses were calculated at the applicable tax rates on the estimated assessable profits of the Group's subsidiaries in Mainland China and subsidiaries in Hong Kong for FY2023 and FY2024, respectively. Income tax expenses of RMB31.3 million for FY2024 (FY2023: RMB7.5 million) mainly represented: (i) the current taxation arising from its subsidiaries in Mainland China of RMB15.6 million (FY2023: current taxation RMB11.3 million); and (ii) the withholding tax on the dividend distributed from a PRC subsidiary of RMB20.6 million (FY2023: Nil).

Profit attributable to shareholders of the Company

In FY2024, the Group's profit for the year attributable to shareholders of the Company was RMB85.1 million (FY2023: RMB82.2 million), representing an increase of 3.5% as compared to FY2023.

Changes in major items of the consolidated statement of financial position

Non-current assets

Property, plant and equipment mainly represented the carrying amount of city gas projects held by the Group. The decrease in balance of property, plant and equipment of RMB23.5 million as at 31 December 2024 as compared to that at the end of 2023 was mainly due to the net effect of (i) the acquisition of the Beiqijia Assets; and (ii) the depreciation provided for FY2024.

Goodwill arose from the acquisitions of subsidiaries since 2015.

Operating rights mainly represented the operating rights arising from the acquisition of city gas project business with reference to IFRS 3 (Revised) Business Combinations.

The investment in associates was mainly attributable to the Group's 29% equity interests in PetroChina Jingtang, and the increase in net amount as at 31 December 2024 as compared to that as at 31 December 2023 was mainly due to the (i) share of profit from associates for the Year; and (ii) completion of acquisition of 49% of equity interests in Beijing United.

Current assets

The balance of trade receivables decreased by RMB5.2 million as compared to that as at 31 December 2023, which remained stable.

The balance of prepayments, deposits and other receivables decreased by RMB80.2 million as compared to that as at 31 December 2023, which was mainly due to the recognition of one-off items of an impairment of financial assets amounted to RMB25.4 million in 2024.

The balance of cash and cash equivalents amounted to RMB360.3 million, representing a decrease of RMB3.4 million as compared to that as at 31 December 2023.

Non-current liabilities

The decrease in the balance of bank and other borrowings as compared to the balance as at 31 December 2023 was mainly due to the reclassification of a shareholder loan of RMB637,448,000 from Beijing Gas Group to the Company with maturity date of 31 December 2025 to current liabilities.

The decrease in the balance of convertible bond as compared to the balance as at 31 December 2023 was mainly due to the reclassification of the convertible bond in the aggregate principal amount of HK$300 million issued by the Company to Beijing Gas Company Limited with maturity date of 28 December 2025 to current liabilities.

Current liabilities

The balance of trade and bills payables decreased by RMB8.8 million as compared to the balance as at 31 December 2023, which remained stable.

The balance of other payables and accruals decreased by RMB61.1 million as compared to the balance as at 31 December 2023, which was mainly due to the payment of other payables and accruals by the Group during the Year.

The increase in the balance of bank and other borrowings of RMB538.9 million as compared to the balance as at 31 December 2023 was mainly due to the net effect of (i) the reclassification of a shareholder loan of RMB637,448,000 from Beijing Gas Group to the Company with maturity date of 31 December 2025 to current liabilities; and (ii) the repayment of certain bank and other borrowings.

The convertible bond represented the convertible bond in the aggregate principal amount of HK$300 million issued by the Company to Beijing Gas Company Limited with maturity date of 28 December 2025.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group financed its operations with shareholders' equity, bank and other borrowings and convertible bond.

The Group maintained conservative treasury policies and upheld tight control over its cash and risk management. The Group maintained cash and cash equivalents amounting to RMB360.3 million as at 31 December 2024 (31 December 2023: RMB363.7 million), representing a decrease by 0.9% from 31 December 2023. In addition, the Group had restricted cash and pledged deposits of RMB2.4 million as at 31 December 2024 (31 December 2023: RMB8.4 million).

As at 31 December 2024, the Group had net current liabilities of RMB1,975.0 million (31 December 2023: RMB934.0 million). As at 31 December 2024, the Group's current ratio, calculated on the basis of the Group's current assets over current liabilities, was 0.31 (31 December 2023: 0.55).

As at 31 December 2024, total assets of the Group amounted to RMB4,450.6 million (31 December 2023: RMB4,564.4 million) and the Group's debt asset ratio, which is the total liabilities divided by the total assets, was 66.7% (31 December 2023: 68.9%). As at 31 December 2024, the Group had total borrowings of RMB2,333.9 million (31 December 2023: RMB2,461.3 million). The Group's leverage ratio, which is total borrowings divided by the total assets, was 52.4% (31 December 2023: 53.9%).

The Group's net liability ratio (expressed as net borrowings, including the sum of bank and other borrowings and convertible bond less cash and cash equivalents, divided by total equity), was 133.3% as at 31 December 2024 (31 December 2023: 147.8%).

From 2023, the Group's interest on repayment of offshore bank loans also increased significantly as HIBOR remained high. In view of the reversal of interest rate spread between HK$ bank borrowings and RMB bank borrowings (from relatively low interest costs to high interest costs), the Group started to replace HK$ and USD bank and other borrowings with RMB bank borrowings in 2023 to take full advantage of the lower-cost financing in RMB. During 2024, the Group continued to obtain lower-interest debt financing, including certain bank loans of RMB200,000,000 (a total of RMB800,000,000). For details, please refer to the announcements of the Company dated 3 January 2024, 23 February 2024, 9 September 2024 and 22 December 2024.

On 14 December 2023, the Company entered into various finance documents with Beijing Gas Group, pursuant to which the Company obtained a new facility with a principal in an aggregate amount of HK$700 million equivalent of RMB from Beijing Gas Group, the proceeds of which were applied to refinance an existing facility with a principal amount of HK$700 million from Beijing Gas Company Limited. The said refinancing alleviates the pressure of rising finance costs and mitigates the exchange rate risk on net assets due to exchange rate movements as most of the Group's operations and assets are located in Mainland China .

The entering into of the aforesaid finance documents constituted a connected transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and was approved by the independent shareholders of the Company at the special general meeting held on 24 January 2024. For details, please refer to the circular and poll results announcement of the Company dated 8 January 2024 and 24 January 2024, respectively.

Going forward, the Group will continue to explore the availability of lower-interest debt financing to reduce overall interest costs and expand the financing channels.

During 2024, the Group neither entered into any financial instrument for hedging purposes nor other hedging instruments to hedge against foreign exchange rate risks.

USE OF PROCEEDS FROM THE CAPITAL AND ASSET INJECTION PLAN

As at 31 December 2024, the Group had fully utilised the net proceeds raised from the capital and asset injection plan in accordance with the designated uses set out in the circular dated 31 October 2022 (the "**Circular**") as follows:

	Net amount designated in the Circular dated 31 October 2022 *(HK$ million)*	Amount utilised up to 31 December 2023 *(HK$ million)*	Amount utilised from 1 January 2024 to 31 December 2024 *(HK$ million)*	Amount unutilised as at 31 December 2024 *(HK$ million)*	% utilised as at 31 December 2024
1. Repayment of bank borrowings	1,013.0	1,013.0	–	–	100%
2. Repayment of outstanding amount and interest associated with the corporate bonds issued by the Company and other borrowings of the Group	337.0	337.0	–	–	100%
3. Business development	94.5	–	94.5	–	100%
4. General working capital	50.0	50.0	–	–	100%
Total	1,494.5	1,400.0	94.5	–	100%

EMPLOYEES' INFORMATION

The Group's employees are based in Mainland China and Hong Kong. As at 31 December 2024, there were 564 (31 December 2023: 677) employees in the Group. Staff remuneration packages are determined with reference to market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2024, the Group's assets were secured for bank and other borrowings as follows:

(i) pledges over certain of the Group's property, plant and equipment;

(ii) pledges over the Group's equity interests in a subsidiary;

(iii) pledges over the Group's investment properties; and/or

(iv) pledges by the right of collection of receivables from the sales of gas of a subsidiary.

Save as disclosed above, the Group did not have any charges on the Group's assets as at 31 December 2024.

EXPOSURE TO FLUCTUATIONS IN EXCHANGES RATES

The Company does not have significant exposure on foreign currency risk as most of the monetary assets and liabilities are denominated in RMB. The Group currently does not have a foreign currency hedging policy. However, the Directors will continue to monitor the related foreign exchange exposure, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Set out below are details of the significant events after the reporting period:

From time to time, the Group is involved in claims and legal proceedings that arise in the ordinary course of business and other investment activities of the Group. Based on currently available information, the management does not believe that the ultimate outcome of any unresolved matters, individually and in the aggregate, is reasonably possible to have a material adverse effect on the Group's financial position, results of operations or cash flows. Please refer to the announcements of the Company dated 25 July 2024, 20 January 2025 and 20 March 2025 for further details of litigations which the Group is currently involved in. The Board will keep the shareholders and the potential investors of the Company informed of any related progress by way of further announcement(s) as and when appropriate in accordance with relevant requirements.

However, litigation is subject to inherent uncertainties and the Group's view of these matters may change in the future. The Group reviews the need for any such liability on a regular basis.

Save as disclosed in this report, there were no other significant events of the Group after the reporting period and up to the date of this report.

FINAL DIVIDEND

The Board does not recommend payment of final dividend for FY2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(i) Acquisition of the Beiqijia Assets

On 26 April 2024, the Group, as purchaser, entered into the acquisition of the Beiqijia Assets. For details of the acquisition of the Beiqijia Assets, please refer to the paragraph headed "Business Review – Development and Operation of Integrated Clean Energy and New Energy Business" in this report.

(ii) Acquisition of 49% of the equity interests in Beijing United

In July 2024, the Group, as purchaser, completed the acquisition of the Beijing United project. For details of the acquisition of Beijing United, please refer to the paragraph headed "Business Review – Development and Operation of Integrated Clean Energy and New Energy Business" in this report.

All of the above transactions constituted connected transactions of the Company under the Listing Rules. Save as disclosed in this report, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during FY2024.

SIGNIFICANT INVESTMENTS AND FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the paragraph headed "Business Review – Development and Operation of Integrated Clean Energy and New Energy Business" in this report, the Company had not executed any agreement in respect of material investment or capital asset and did not have any other plans relating to material investment or capital asset as at the date of this report. Nonetheless, if any potential investment opportunity arises in the coming future, the Company will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Company and the shareholders as a whole. The potential investment opportunity will be funded by internal resources.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Li Weiqi ("**Mr. Li**"), aged 50, has been appointed as an executive Director and chief executive officer of the Company (the "**Chief Executive Officer**") since 6 July 2020. Mr. Li has been re-designation from the Chief Executive Officer to the chairman of the Board (the "**Chairman**") and the chairman of the nomination committee of the Company since 20 December 2023. Mr. Li graduated from City Gas Engineering of Beijing University of Civil Engineering and Architecture in 1998 and is a senior engineer. Mr. Li served as the manager of the capital operation department of Beijing Gas Group from April 2018 to November 2020 and served as the deputy manager of planning and development department of Beijing Gas Group from December 2012 to August 2016. Mr. Li has worked in various departments in Beijing Coal Heat Institute for more than 10 years, including the planning and operation, consulting design and marketing departments, and has work experience in the Gas Management Office of the Beijing Municipal Management Committee. Mr. Li has more than 20 years of experience in natural gas design and planning, infrastructure investment, market development, corporate governance and capital operation. Mr. Li was an executive Director of the Group from 21 February 2017 to 26 September 2019.

Mr. Wu Haipeng ("**Mr. Wu**"), aged 50, has been appointed as an executive Director since 16 November 2022 and was re-designated from vice president of the Company (the "**Vice President**") to the executive vice president of the Company (the "**Executive Vice President**") on 24 May 2023. Mr. Wu has been re-designated from the Executive Vice President to the Chief Executive Officer since 20 December 2023. He also acts as director of certain subsidiaries of the Company. Mr. Wu is currently responsible for comprehensively scrutinizing the Group's management and operation performance of the Group. Mr. Wu obtained a bachelor's degree in industrial automation from Daqing Petroleum Institute (大慶石油學院) (currently known as Northeast Petroleum University (東北石油大學)) in July 1998 and a master's degree in gas engineering and management from MINES ParisTech in October 2011 and is a senior gas engineer (燃氣專業高級工程師). Mr. Wu has over 20 years of experience in gas pipeline network operation, gas station operation and safety management.

Mr. Li Xianning ("**Mr. Li Xianning**"), aged 39, has been appointed as an executive Director, chief financial officer and Vice President since 3 November 2023. Mr. Li Xianning joined the Group in October 2020 as the assistant of Chief Executive Officer and the financial controller of Finance Department of the Group where he was mainly responsible for the Group's comprehensive budget management, debt response and financial management. He also acts as director of certain subsidiaries of the Company. Prior to joining the Group, from August 2015 to September 2020, Mr. Li Xianning served as the finance supervisor of finance department of Beijing Gas Group, where he was primarily responsible for the fund management and budget management of the finance department of Beijing Gas Group. Mr. Li Xianning obtained a Master of Business in Corporate Management from the China Agricultural University (中國農業大學) in June 2010 and a Doctor of Management in Agricultural Economy from the Graduate School of the Chinese Academy of Social Sciences (中國社會科學院研究生院) (currently known as University of Chinese Academy of Social Sciences (中國社會科學院大學)) in June 2015.

Mr. Yeung Shek Hin ("**Mr. Yeung**"), aged 38, has been appointed as an executive Director since 1 July 2022. He is a member of the Compliance Committee. Mr. Yeung is mainly responsible for supervising and managing finance, legal and compliance and investor relations affairs of the Group. He also acts as director of certain subsidiaries of the Company. Prior to joining the Group, he held senior positions at Beijing Enterprises Clean Energy Group Limited (now known as Shandong Hi-Speed New Energy Group Limited) (stock code: 1250) ("**BECE**"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). He joined BECE in November 2016 and was appointed as the general manager of the finance department of BECE since September 2019. During his tenure at BECE, Mr. Yeung gained extensive experience in financial reporting and financial capital management, as well as company secretarial and compliance affairs of a Hong Kong listed company. Mr. Yeung has accumulated over 15 years of experience in corporate finance and auditing with the Big 4 international accounting firm and listed companies in Hong Kong. Mr. Yeung graduated from the City University of Hong Kong with a Bachelor of Business Administration (Hons) Major in Accountancy and Minor in Finance. Mr. Yeung is now a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales.

NON-EXECUTIVE DIRECTOR

Mr. Gao Ping ("**Mr. Gao**"), aged 37, has been appointed as a non-executive Director since 28 October 2024. Mr. Gao is currently employed at the Investment Management Centre of Beijing Gas Group. Mr. Gao is responsible for the management of subsidiary investment enterprises of Beijing Gas Group, and serves as a director of Xinjing Beiran Ure Energy Co., Ltd.,* (新疆北燃烏熱能源有限公司) and Beijing Gas Fangshan Co. Ltd.* (北京燃氣房山有限責任公司) respectively, subsidiaries of Beijing Gas Group. From July 2020 to February 2024, Mr. Gao served the Company at different times as, among others, the assistant to the chief executive officer, the supervisor of the chief executive office and the head of the audit supervisory department. Mr. Gao has work experience with one of the Big Four international accounting firms. Mr. Gao obtained a Master's degree in Accountancy from Dongbei University of Finance and Economics* (東北財經大學) in June 2014 and is an accountant and economist.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cui Yulei ("**Mr. Cui**"), aged 47, has been appointed as an independent non-executive Director since 6 July 2020. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee, the Nomination Committee and the Compliance Committee. Mr. Cui obtained a bachelor degree of Law from Northwest University of Political Science and Law (西北政法大學) in 2000. He has over 20 years of experience in State-owned Assets matters, litigation, arbitration and reconciliation and cross-border investments.

Ms. Hsu Wai Man Helen ("**Ms. Hsu**"), aged 55, has been appointed as an independent non-executive Director since 6 July 2020. She is also the chairman of each of the Audit Committee and the Compliance Committee and a member of each of the Nomination Committee and the Remuneration Committee. Ms. Hsu graduated from the Chinese University of Hong Kong with a bachelor degree in business administration. Ms. Hsu is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. She has more than 20 years of experience in accounting. Ms. Hsu had been working with Ernst & Young for 18 years and was a partner of Ernst & Young before she retired from the firm in February 2011. Ms. Hsu is currently an independent non-executive director of Richly Field China Development Limited (stock code: 313), China Display Optoelectronics Technology Holdings Limited (stock code: 334) and Perfect Medical Health Management Limited (stock code: 1830), the shares of which are listed on the Main Board of the Stock Exchange and Perfect Optronics Limited (stock code: 8311), a company listed on GEM of the Stock Exchange.

Mr. Xu Jianwen ("**Mr. Xu**"), aged 44, has been appointed as an independent non-executive Director since 1 February 2022. He is also a member of each of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Compliance Committee. Mr. Xu obtained a Bachelor's Degree in Laws from the Sun Yat-Sen University in June 2005, and a Master's Degree of Common Law from the University of Hong Kong in November 2007. He has extensive work experience in the financial industry. He worked in several financial institutions, including China Goldlink Capital Group Limited, China Merchants Securities (HK) Co., Limited, China Securities (International) Finance Holding Company Limited, Southwest Securities (HK) Financial Management Limited and Dongxing Securities (Hong Kong) Financial Holdings Limited, at which he is principally involved in the management in the aspects of legal, compliance and risk control. Mr. Xu is currently an independent non-executive director of Microware Group Limited (stock code:1985), a company listed on the main board of the Stock Exchange. Mr. Xu was awarded with the Legal Professional Qualification Certificate in the PRC in February 2009.

SENIOR MANAGEMENT

Mr. Chen Peng ("Mr. Chen"), aged 55, joined the Group as the Vice President on 23 May 2024 and is primarily responsible for the Group's safety operations and assisting the chairman of the Board in conducting internal audit work of the Group. Mr. Chen graduated from Beijing College of Economics (北京經濟學院) (currently known as Capital University of Economics and Business) in July 1992 with a degree in safety engineering and the title of senior engineer. Prior to joining the Group, Mr. Chen held positions for about twenty years in the safety department of Beijing Gas Company* (北京市煤氣公司), the safety security department of Beijing Gas Group Branch I* (北京燃氣集團第一分公司), and the safety operations department of Beijing Gas Group Branch III* (北京燃氣集團第三分公司), serving as section chief and manager. Mr. Chen served as deputy general manager of Beijing Gas Lu Yuan Da Clean Fuel Company Limited* (北京燃氣綠源達清潔燃料有限公司) from December 2012 to May 2018; served as director and deputy general manager of Wushenqi Jingpeng Natural Gas Co., Ltd* (烏審旗京鵬天然氣有限公司) from May 2018 to August 2023 and served as director and deputy general manager of Beijing Sinopec Beijing Gas Clean Energy Technology Co., Ltd* (北京中石化北燃清潔能源科技有限公司) from August 2023 to May 2024. Mr. Chen has over thirty years of extensive experience in gas pipeline network safety operations, gas station safety management, and the development and operation of clean energy.

Ms. Annie Chen ("**Ms. Chen**"), aged 45, has been appointed as the Company Secretary of the Company since 16 January 2021 and has been the Vice President since 25 May 2021. Ms. Chen is a practising solicitor in Hong Kong with extensive experience in legal and company secretarial matters.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a high standard of corporate governance and has put in place self-regulatory corporate practices for compliance with the code provisions set out in the Corporate Governance Code (the "**CG Code**") from time to time as set out in Appendix C1 to the Listing Rules. The Group has adopted practices which meet the CG Code during the year ended 31 December 2024 ("**FY2024**"). The Company has complied with the code provisions set out in the CG Code throughout FY2024.

CORPORATE STRATEGY AND CULTURE

As a leading natural gas enterprise, the Company always adheres to the corporate mission of "developing clean energy, enhancing customer value, and creating a beautiful blue sky" with a vision to become a world-class one-stop natural gas service provider. The Group will actively grasp the market opportunities under the dual carbon target and accelerate the development of renewable energy and clean energy. For details of the Company's strategic initiatives and key measures for implementing its objectives and vision, please refer to the "Chairman's Statement" and "Management Discussion and Analysis" in this report.

The Group also attaches great importance to the development of corporate culture with a view to creating an equal working environment and providing employees with various training to actively promote an equal and harmonious corporate culture. Further details of the Company's objectives, vision and values are set out in the 2024 Environmental, Social and Governance report.

BOARD OF DIRECTORS

Board's Conduct of its Affairs

The Company is effectively headed by the Board to lead and control it. Apart from its statutory duties and responsibilities, the Board is collectively responsible for the success of the Group and it works with the management to achieve this. The management is responsible for the management and administrative functions on running the day-to-day operations of the Group delegated by the Board and remains accountable to the Board. The Board oversees the affairs of the Group and focuses on strategies and policies, with particular attention paid to growth and financial performance. It delegates the formulation of business policies and day-to-day management to the executive Directors. The Board is responsible for:

1. providing entrepreneurial leadership, setting strategic goals, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

2. establishing a framework of prudent and effective control which enables risk to be assessed and managed;

3. reviewing management performance and direction of the Group's business strategies;

4. setting the Group's values and standards, and ensuring that obligations to shareholders and others are understood and met with the aim to maximize the shareholder value and long-term success of the Company;

5. ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and its internal code of conduct;

6. ensuring the Group's compliance with good corporate governance practices; and

7. approving half-year and full-year results announcements.

The Company has adopted internal guidelines setting forth matters that require the Board's approval, examples of which include corporate plans and budgets, material acquisitions and disposals of assets, share issuances, dividends and other distributions to shareholders. All Directors objectively make decisions in the interests of the Company. The Board also delegates certain of its functions to the Audit Committee, Nomination Committee, Remuneration Committee and the Compliance Committee (each a "**Committee**") and these functions are described separately under the various sections of each Committee below. Each Committee has its own defined terms of reference and operating procedures.

The Board scheduled to meet at least 4 times a year and as and when warranted by circumstances. The Company's bye-laws ("**Bye-laws**") allow a Board meeting to be conducted by way of a telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other. Draft agenda for the Board meetings will be circulated to all Directors to enable them to include any other matters in the agenda. The meeting papers will be sent to all Directors at least 3 days in advance or within reasonable time prior to the Board meetings. Minutes of Board meetings and Committee meetings, drafted in sufficient details, were circulated to all Directors for their comment and records.

If any Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, that Director will abstain from voting at such Board meeting.

Directors' attendance at Board Meetings, Committee Meetings and General Meetings

The number of meetings held in FY2024 and the attendance of the Directors (including both physical presence and attendance via telephone conference as permitted by the Bye-laws then in force) are set out in the table below:

	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Executive Committee Meeting(4)	Compliance Committee Meeting	General Meeting
Mr. Li Weiqi	5/5	–	2/2	–	2/2	–	2/2
Mr. Wu Haipeng	5/5	–	–	–	2/2	–	2/2
Mr. Li Xianning	5/5	–	–	–	2/2	–	2/2
Mr. Yeung Shek Hin	5/5	–	–	–	2/2	4/4	2/2
Mr. Shao Dan(1)	3/3	–	–	–	–	–	1/2
Mr. Gao Ping(2)	1/1	–	–	–	–	–	–
Mr. Cui Yulei	5/5	4/5	2/2	2/2	–	3/4	2/2
Ms. Hsu Wai Man Helen	5/5	5/5	2/2	2/2	–	4/4	2/2
Mr. Xu Jianwen	5/5	5/5	2/2	2/2	–	4/4	2/2

Notes:

(1) Resigned on 28 October 2024.

(2) Appointed on 28 October 2024.

(3) The attendance figure represents actual attendance/the number of meetings a Director is entitled to attend.

(4) By a resolution of the Board, the Executive Committee of the Board was dissolved with effect from 27 March 2024 and its functions were taken up by the existing Directors and senior management of the Group which handle and supervise the daily administration, management and operation of the Group. The purpose of the change is to streamline and improve the management process of the Group.

BOARD COMPOSITION

The Directors during FY2024 and up to the date of this report are as follows:

Executive Directors
Mr. Li Weiqi *(Chairman of the Board)*
Mr. Wu Haipeng *(Chief Executive Officer)*
Mr. Li Xianning *(Chief Financial Officer)*
Mr. Yeung Shek Hin

Non-executive Directors
Mr. Shao Dan *(Resigned on 28 October 2024)*
Mr. Gao Ping *(Appointed on 28 October 2024)*

Independent Non-executive Directors
Mr. Cui Yulei
Ms. Hsu Wai Man Helen
Mr. Xu Jianwen

The biographical details of each of the current Directors are set out on pages 20 to 23 under the section headed "Biographies of Directors and Senior Management" of this annual report. Save as disclosed in this annual report, to the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among members of the Board.

The Board, taking into account the nature and scope of the Group's operations and the impact of the number and gender of Directors upon effectiveness in decision making, is of the view that it has maintained a balanced composition of executive Directors and non-executive Directors which induce a strong independent element to the Board during FY2024. The Board exercises judgment on corporate affairs objectively and independently, in particular, from management and no individual or small group of individuals dominates the Board's decision-making.

The independent non-executive Directors consist of respected individuals from different backgrounds whose core competencies, qualifications, skills, age, culture and experience are extensive and complementary, and these competencies include accounting, finance and business management and legal knowledge who provide valuable advice to the Board. None of the independent non-executive Directors has any relationship with the Company, its related companies or its officers that could interfere, or be perceived to interfere with the exercise of their independent business judgment in the best interests of the Company.

The independent non-executive Directors constructively challenge and help develop proposals on strategy, review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance.

During FY2024, the Company has at all times complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules regarding the appointment of sufficient number of independent non-executive Directors and is having independent non-executive Directors with relevant professional qualifications or accounting or relating financial management expertise.

The independence of independent non-executive Directors is assessed upon appointment, annually, and at any other time where the circumstances require reconsideration. The Company has received from each of Mr. Cui Yulei, Ms. Hsu Wai Man Helen and Mr. Xu Jianwen an annual confirmation of his/her independence as required under Rule 3.13 of the Listing Rules and the Company confirms that considers that all these Directors remain independent.

Board Independence Evaluation

The Company has established a Board independence evaluation mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the board independence evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The board independence evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

The Board reviews the implementation and effectiveness of the Board Independence Evaluation Mechanism at least annually.

Appointment and Re-election of Directors

The procedures for appointment, re-election and removal of Directors have been set out in the Bye-laws. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating relevant procedures for nomination and appointment of Directors, monitoring appointment and succession planning of the Directors, and assessing independence of the independent non-executive Directors as detailed below under the sub-section headed "Nomination Committee".

The non-executive Directors (including independent non-executive Directors) have been appointed for a specific term of services and are subject to retirement by rotation and re-election, if eligible, in accordance with the Bye-laws.

Mr. Gao Ping, being the non-executive Director, was appointed with the initial term of three years up to 27 October 2027 and shall be automatically renewed annually thereafter and may be terminated by not less than three months' notice in writing served by either party. Mr. Gao Ping obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 4 November 2024. He has confirmed that he understood his obligations as a director of a listed issuer.

Each of Mr. Cui Yulei and Ms. Hsu Wai Man Helen, being the independent non-executive Director, was appointed on 6 July 2020 for a term of three years and the term of appointment shall be automatically renewed annually for such annual period thereafter unless otherwise terminated by not less than three months' notice in writing served by each party on the other.

Mr. Xu Jianwen, being the independent non-executive Director, was appointed on 1 February 2022 for a term of three years and the term of appointment shall be automatically renewed annually for such annual period thereafter unless otherwise terminated by not less than three months' notice in writing served by each party on the other.

All Directors will be subject to retirement by rotation and eligible for re-election pursuant to the Bye-laws.

The Company has arranged appropriate directors' and officers' liabilities insurance coverage for the Directors and officers of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same person. During FY2024, Mr. Li Weiqi acts as the chairman of the Board, and Mr. Wu Haipeng acts as the Chief Executive Officer. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally. The division of responsibilities of the chairman of the Board and Chief Executive Officer is clearly established and set out in writing.

PROFESSIONAL DEVELOPMENT

Every newly appointed Director will be given an induction training so as to ensure that he/she has appropriate understanding of the Group's business and of his/her duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements.

The Company also provides regular updates on the business development of the Group. The Directors are regularly briefed on the latest development regarding the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, all Directors were encouraged to participate in appropriate continuous professional development and refresh their knowledge and skills during the year for ensuring their contribution to the Board remains informed and relevant. Such professional development could be completed either by way of attending briefings, conference, courses, forum and seminars, teaching, self-reading and participated in business-related research which are relevant to the business or directors' duties. All current Directors are requested to provide the Company with their respective training records for FY2024 pursuant to the CG Code as follows:

Directors	**Reading materials on the relevant rules and regulatory updates**	**Training session on the relevant rules and regulatory updates**
Executive Directors		
Mr. Li Weiqi	✓	✓
Mr. Wu Haipeng	✓	✓
Mr. Li Xianning	✓	✓
Mr. Yeung Shek Hin	✓	✓
Non-executive Director		
Mr. Gao Ping	✓	✓
Independent non-executive Directors		
Mr. Cui Yulei	✓	✓
Ms. Hsu Wai Man Helen	✓	✓
Mr. Xu Jianwen	✓	✓

BOARD COMMITTEES

Compliance Committee

The Compliance Committee (the "**CC**") during FY2024 and up to the date of this report comprises the following Directors:

Chairman	
Ms. Hsu Wai Man Helen	*Independent non-executive Director*
Members	
Mr. Yeung Shek Hin	*Executive Director*
Mr. Cui Yulei	*Independent non-executive Director*
Mr. Xu Jianwen	*Independent non-executive Director*

The CC was established on 1 July 2022 as a committee under the Board. It is delegated with the authority by the Board and is required to report to the Board on a regular basis. The CC is made up of all the independent non-executive Directors and one executive Director who is responsible for compliance matters, with the chairman of the Audit Committee shall be appointed as CC's chairman.

During FY2024, the CC held 4 meetings to consider and discuss the annual internal audit plan of the Group and implementation, to review the Group's policies and practices on corporate governance, and to review the disclosures in the Company's environmental, social and governance report.

Duties

The CC is mainly responsible for formulating and monitoring the Group's policies and practices on compliance with legal and regulatory requirements and assisting the Board to review the overall corporate governance functions of the Group.

Powers

The CC shall have powers as below:

1. to formulate, review, approve and monitor the Group's policies and practices on compliance with legal and regulatory requirements. Such responsibility may be delegated to the chief financial officer or the company secretary in collaboration with respective staff and external consultant(s);

2. to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;

3. to assist the Audit Committee in overseeing the Group's corporate governance functions and where appropriate, provide recommendations to the Audit Committee on the Group's corporate governance procedures and practices;

4. to review and monitor the training and continuous professional development of directors and senior management of the Company and its subsidiaries;

5. to develop, review and monitor the codes of conduct applicable to the employees and directors of the Company and its subsidiaries;

6. to identify, address and rectify any potential and non-compliance issues in respect of, in relation to, in connection with or involving any member or employee of the Group (with the assistance of professional advisers engaged by the Group, if applicable);

7. to receive and handle any actual or suspected non-compliance matters reported by the employees of the Group and if necessary, engage external professional advisers to assist in the preparation of reports and recommendations in respect of such actual or suspected non-compliance matters;

8. to review the Company's compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and disclosures in the Company's corporate governance report;

9. to review the Company's compliance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules and disclosures in the Company's environmental, social and governance report; and

10. to prepare and submit a summary report every half-yearly to the Board on the overall compliance performance and corporate governance practices of the Group. A copy of the summary report shall be sent to the Audit Committee for its information.

Nomination Committee

The members of the Nomination Committee (the "**NC**") during FY2024 and up to the date of this report comprises the following Directors:

Chairman	
Mr. Li Weiqi	*Chairman of the Board and executive Director*
Members	
Mr. Cui Yulei	*Independent non-executive Director*
Ms. Hsu Wai Man Helen	*Independent non-executive Director*
Mr. Xu Jianwen	*Independent non-executive Director*

The NC currently consists of four Directors, the majority of whom are independent non-executive Directors and the chairman of the NC is an executive Director and chairman of the Board. The NC is scheduled to meet at least once a year. The NC is regulated by a set of terms of reference and its role is to establish a formal and transparent process for:

1. reviewing the structure, size and composition (including the gender, age, skills, knowledge and experience) of the Board annually and making recommendations to the Board on all Board appointments;

2. making recommendations to the Board on the re-appointment of the Directors having regard to each Director's contribution and performance, including, if applicable, the independent non-executive Director;

3. assessing the independence of independent non-executive Directors; and

4. deciding whether or not a Director is able to carry out and has adequately carried out his duties as a Director.

Nomination Policy

In the selection and nomination of new Directors, the NC shall consider the following criteria:

1. Character and integrity;

2. Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

3. Willing to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;

4. Requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;

5. Board diversity policy and any measurable objectives adopted by the NC for achieving diversity on the Board; and

6. Such other perspectives appropriate to the Company's business.

Nomination Procedures

Appointment of New Directors

1. The NC shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the above criteria to determine whether such candidate is qualified for directorship.

2. If the process yields one or more desirable candidates, the NC shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

3. The NC shall then recommend to appoint the appropriate candidate for directorship.

4. For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the NC shall evaluate such candidate based on the above criteria to determine whether such candidate is qualified for directorship and where appropriate, the NC and/or the Board shall make recommendation to shareholders in respect of the proposed election at the general meeting.

Re-election of Directors at General Meeting

1. The NC shall review the overall contribution and service to the Company of the retiring director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.

2. The NC shall also review and determine whether the retiring director continues to meet the above criteria.

3. The NC and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

During FY2024, the NC has held two meetings to review the structure, size and composition of the Board; review the Board's performance; recommend the re-election of the Directors in the 2024 AGM; and to make recommendations to the Board on the appointment of Directors.

Board Diversity

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board is characterised by significant diversity in terms of professional background and skills and has one female Director, the Board considers that the composition of the Board is reasonably diversified in terms of gender, age, professional background and skills. As at 31 December 2024, the male and female of all staff (including the senior management) of the Group accounted for approximately 64% and approximately 36% respectively. The Group will continue to maintain gender diversity among all its staff as the goal. The Company continues to provide training and career development opportunities to all eligible employees without discrimination and review the Group's policies on employee recruitment and management in a timely manner in accordance with the Company's business development and needs.

During FY2024, the Board has reviewed the implementation and effectiveness of the Board diversity policy.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, age, and length of service) will be disclosed in the corporate governance report of the Company annually.

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual Directors. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board composition and size, the Board process, the Board effectiveness and training, the provision of information to the Board, the Board standards of conduct and financial performance indicators. Such performance criteria are approved by the Board and they address how the Board has enhanced long term shareholders' value. The performance criteria do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board.

The Chairman acts on the results of the performance evaluation, and where appropriate, proposes new members to be appointed to the Board or seek the resignation of Directors in consultation with the NC.

New Directors are appointed by way of a board resolution, after the NC has approved their nominations. Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office until the next following general meeting of the Company and shall then be eligible for re-election. Pursuant to the Bye-laws, all Directors are required to offer themselves for re-election at least once every three years.

Although some of the independent non-executive Directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective. As such, the NC has not established a maximum number of listed company board representations and/or other principal commitments which Directors may hold. The NC will regularly monitor the competing time commitments faced by these Directors serving on multiple boards.

Remuneration Committee

The Remuneration Committee (the "**RC**") during FY2024 and up to the date of this report comprises the following Directors:

Chairman	
Mr. Cui Yulei	*Independent non-executive Director*
Members	
Ms. Hsu Wai Man Helen	*Independent non-executive Director*
Mr. Xu Jianwen	*Independent non-executive Director*

The RC currently consists of all the independent non-executive Directors so as to minimise the risk of any potential conflict.

The RC is scheduled to meet at least once a year. During FY2024, the RC has consulted the chairman of the Board and Chief Executive Officer in recommending other executive Directors' remuneration, and two meetings of the RC was held to review the Directors' fees and remuneration of the executive Directors and recommend the remuneration of the Directors to be appointed. The RC is regulated by a set of terms of reference and has access to professional advice inside the Company and independent external sources, if necessary, in respect of the remuneration of all Directors and key executives.

The RC's main duties are:

1. to review and recommend to the Board for its decision a framework of remuneration and to determine and/or review the specific remuneration packages and terms of employment for each of the Directors and key executives, including those employees related to the executive Directors and controlling shareholders of the Group, if any, bearing in mind the need for a cautious comparison (in order to prevent the risk of an upward ratchet of remuneration levels with no corresponding improvements in performance) of pay and employment conditions of comparable companies in the same or similar industries, and to submit such recommendations for endorsement by the Board; and

2. to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

As part of its review, the RC shall ensure that:

1. all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses and benefits-in-kind are covered;

2. the remuneration packages of Directors and key executives are comparable to companies in same or similar industries and that for executive Directors, a significant proportion of such remuneration packages include performance-related elements;

3. the performance-related elements mentioned above are designed to align interests of executive Directors with those of shareholders, that they link rewards to corporate and individual performance and that there are appropriate and meaningful measures for the purpose of assessing such performance-related elements in respect of executive Directors;

4. the level of remuneration of non-executive Directors are appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors, but also bearing in mind that non-executive Directors are not over-compensated to the extent that their independence may be compromised;

5. the level of remuneration is appropriate to attract, retain and motivate the Directors needed to run the Group successfully without such levels being more than is necessary for this purpose; and

6. the remuneration package of employees related to executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The Company adopts a formal and transparent procedure for developing policy on key executive remuneration and for fixing remuneration packages of individual Directors. No Director is involved in deciding his own remuneration. In setting remuneration packages, the Company takes into account the emolument and employment conditions of comparable companies in the same or similar industries, as well as the Group's relative performance and the performance of individual Director or key executive.

Executive Directors do not receive directors' fees. The remuneration policy for executive Directors and key executives consists of two components, being fixed cash and annual variable. The fixed component includes salary, pension fund contributions and other allowances. The variable component comprises a performance bonus which, for executive Directors, forms a significant proportion of their total remuneration package and is payable on the achievement of corporate and individual performance targets.

The independent non-executive Directors are paid a basic fee. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account. Such fees are pro-rated if the Directors serve for less than one year. The Board seeks authorization from shareholders to fix the remuneration of Directors at the AGM.

The executive Directors are paid in accordance with their respective service agreements. These service agreements do not have onerous removal clauses. The executive Directors may terminate the service agreement by giving to the other party not less than two to six months' notice in writing, or in lieu of notice, payment of an amount equivalent to two to six months' salary based on the executive Director's last drawn salary. Details of the remuneration payable to the Directors and five highest paid individuals of the Group during FY2024 are set out in notes 10 and 11 to the consolidated financial statements.

No emoluments were paid by the Group to any of the Directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office or are there any arrangement under which a director waived or agree to waive any remuneration in FY2024.

Audit Committee

The Audit Committee (the "**AC**") during FY2024 and up to the date of this report comprises the following Directors:

Chairman	
Ms. Hsu Wai Man Helen	*Independent non-executive Director*
Members	
Mr. Cui Yulei	*Independent non-executive Director*
Mr. Xu Jianwen	*Independent non-executive Director*

The AC currently consists of all the independent non-executive Directors. The AC is scheduled to meet at least twice a year. The AC is regulated by a written set of terms of reference and performs the following functions:

1. reviewing significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance before their submission to the Board;

2. reviewing the audit plans of the Company's external and internal auditors and the results of their examination;

3. reviewing adequacy and effectiveness of the Group's risk management and internal controls, including financial, operational, compliance and information technology controls via reviews carried out by the internal/external auditors;

4. ensuring co-ordination between the internal and external auditors;

5. reviewing the adequacy and effectiveness of the Group's internal audit function;

6. nominating or recommending the nomination of the external auditors for appointment, re-appointment or removal;

7. approving the remuneration and terms of engagement of the external auditors;

8. reviewing the independence and objectivity of the external auditors at least annually; and

9. reviewing interested person transactions.

In addition to the above, the AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or key executive to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities. A member has accounting or related financial management expertise and experience.

The external and internal auditors have full access to the AC. The AC has expressed power to commence investigations into any matters, which has or is likely to have material impact on the Group's operating results or financial results.

In FY2024, the AC met twice with the external auditors. The AC has undertaken a review of all non-audit services provided by the external auditors in FY2024, has kept the nature and extent of such services under review, has balanced the maintenance of objectivity and value for money and is satisfied that the provision of such services has not, in the AC's opinion, affected the independence of the external auditors.

The work completed by the AC during FY2024 and in the course of review of the Group's half-yearly and annual results included consideration of the following matters:

1. the integrity and accuracy of the 2023 annual financial statements and interim results for 2024 to ensure that the information presents a true and balanced assessment of the financial position of the Group;

2. the Group's compliance with statutory and regulatory requirements;

3. developments in accounting standards and the effect on the Group;

4. the Group's financial and accounting policies and practices;

5. the Group's financial controls, the risk management and internal control systems to ensure that management has discharged its duty to have an effective risk management and internal control systems;

6. monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard, and discussing with the external auditors the nature and scope of the audit and reporting obligations;

7. the audit fees payable to external auditors and the scope and timetable of the audit for the Year;

8. discussion with auditor for financial results and financial position of the Group for the Year; and

9. recommendations to the Board, for the approval by shareholders, for the reappointment/appointment of the external auditors.

Auditor's Remuneration

For the year ended 31 December 2024, Ernst & Young charged the Group of RMB3,285,871 for the provision of audit services and RMB616,327 for the provision of non-audit services. Non-audit services comprised the agreed-upon procedures engagements for the Group's interim report, results announcements review, tax advisory services and compliance review relating to continuing connected transactions, etc.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions, which shall include, but not limited to, the following:

1. to develop and review the Company's corporate governance policies and practices;

2. to review and monitor the training and continuous professional development of the Directors and senior management;

3. to review and monitor the Company's policies and practices in relation to compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct applicable to the Directors and employees of the Group; and

5. to review the Company's compliance with the CG Code and the disclosure in the corporate governance report of the Company as required under the Listing Rules.

Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with management accounts and all relevant information which present a balanced and understandable assessment of the Group's performance, position and prospects on a regular basis. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings and Board committee meetings to answer queries and provide detailed insights into their areas of operations. The Board, either individually or as a group, also has separate and independent access to the senior management staff.

The Board, either individually or as a group, in the discharge of its duties, has access to independent professional advice, if necessary, at the Company's expense.

The Board members have separate and independent access to the company secretary. Under the direction of the Chairman, the company secretary ensures good information flow within the Board and its committees and between management and non-executive Directors, as well as facilitates orientation and assists with professional development as required. The company secretary attends all Board meetings and committees' meetings and advises the Board on all governance matters and assists the Board to ensure that the Board procedures and relevant rules and regulations are complied with. The appointment and removal of the company secretary is a matter for the Board as a whole.

The minutes of Board meetings recorded the matters considered by the Board in details. The minutes of all board meetings and all other committee meetings are kept by the company secretary and are available for inspection by any Director upon request.

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group. The financial statements for FY2024 set out on pages 66 to 159 of this report were prepared on a going concern basis and were prepared in accordance with all relevant statutory requirements and applicable accounting standards.

The Board has received assurance from the Chairman of the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finance.

Risk Management and Internal Control

Risk management and internal control are essential parts of corporate governance. The Board acknowledges that it is its responsibility to ensure that appropriate and effective risk management and internal control systems are established and maintained, and to oversee the systems on an ongoing basis and to review the effectiveness of the risk management and internal control systems at least annually, while management ensures sufficient and effective operational controls over the key business processes are properly implemented with regular reviews and updates.

The Board is responsible for evaluating and determining the nature and extent of risks it is willing to take in achieving its strategic objectives and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems.

To ensure that all major risks are properly identified, evaluated and monitored for achieving a sound and effective risk management system, risk owners across the Group are required to report the risk review exercises regularly. They need to report the effectiveness of the risk management system and details of the key risks including the risk description, change of risk level, current risk level and the corresponding key risk control regularly.

The Company has established its risk management guidelines and has delegated certain finance personnel to carry out the internal audit personnel reports directly to the chief financial officer and/or financial controller and ensure the risk management and internal control systems are in place and function properly.

The Group has established an Audit and Supervision Department, which is responsible for reviewing the effectiveness of the Group's internal control systems, systems and procedures, and reporting its findings and recommendations to the AC. The Audit and Supervision Department will formulate an internal audit plan every year to conduct regular independent audit on the business activities of the Group and its subsidiaries to identify any violations and risks, so as to identify risks that have potential impact on the Group's business and various areas (including major operations, finance, engineering, and investment management), formulate action plans, make recommendations and follow up actions to address identified risks, and submit annual reports on the Group's internal control to the AC.

In addition, the Group has engaged independent professional consultants to assess the effectiveness of the risk management and internal control systems throughout FY2024, covering important control aspects, including financial, operational and compliance controls and risk management functions. The Board and the AC confirmed that they have reviewed the effectiveness of the Group's risk management and internal control systems throughout FY2024 and considered such risk management and internal control systems to be effective and adequate.

The risk management and internal control process includes:

1. To determine the scope, identify risks and compile risk lists;

2. To conduct the risk assessment on the impact on operating efficiency, sustainable development capability and creditworthiness and prioritise them according to the generally accepted risk management framework and based on the likelihood of various potential risks and the concern of the Group's management along with potential financial loss resulting from risks;

3. To identify risk management measures of significant risks, conduct internal control assessment on the design and implementation of risk management measures, formulate measures against deficiencies for improvement;

4. To regularly review and summarise the risk management and internal control system of the Group to unleash and continuously enhance the effectiveness of risk management through carrying out internal control assessment on significant risks and implementing rectification measures by the management;

5. To prepare risk management system in connection with the risk management and internal control work, define the responsibilities of the management, the Board and the AC in the risk management work, and continuously monitor the risk management and internal control system according to the risk management manual;

6. To report the results of regular review and assessment on the risk management and internal control system during the reporting period, significant risk factors and the corresponding measures to the AC by the management.

However, the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Whistleblowing Policy

The Group has established whistleblowing procedures and reporting channel for employees and public to raise concerns and complaints to the Audit and Supervision Department when they identify any possible improprieties within the Group who will handle, investigate and follow up these concerns and complaints. The identity of the whistleblower will be kept in the strictest confidence.

Anti-Corruption Policy

The Group adopts a zero-tolerance approach to any unethical behaviour such as bribery, extortion, fraud and money laundering, and actively strengthens the Group's culture and integrity and maintains a fair and ethical business and working environment. The Company has established anti-corruption policy to uphold high standards of integrity, honesty and transparency in all its business dealings.

The significant risks set out below are those that could result in the Group's businesses, financial condition and results of operations differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those listed below which may not be material now but could turn out to be material in the future.

Changes in government policies and legislations

Any changes in the government policies and legislations such as pricing modification, licensing requirements and tax regulations may adversely and materially affect the Group's financial condition and results of operations. There can be no assurance that the future conditions are no less favourable than the prevailing environment.

Production safety

Any errors appear in operation process of refuelling station, construction of natural gas connection pipelines and supply of piped gas may adversely and materially affect the stability of gas supply to customers or may cause significant personal injury or death.

Financing environment stability

Additional capital may be required to fund the Group's capital expenditure associated with its expansion plan such as proposed acquisition and construction of refuelling stations as well as the expansion of existing business coverage within its existing market. There can be no assurance that we will be able to obtain adequate financing on acceptable terms, or at all.

Areas of improvement have been identified and appropriate measures have been put in place to manage the risks. The management will perform ongoing and periodic monitoring of the risks and ensure that appropriate responses and controls are in place.

Inside information

The Company recognises its obligations under the Securities and Futures Ordinance ("**SFO**") and the Listing Rules, pursuant to which the Company is required to announce the inside information immediately after such information comes to its attention. The Company conducts its affairs with reference to the Guidelines on Disclosure of Inside Information published by the Securities and Futures Commission and regularly reminds the Directors and employees of the compliance with Listing Rules and other regulatory requirements for the handling and dissemination of inside information.

DIRECTORS' DEALINGS IN SECURITIES

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she had complied with the required standard as set out in the Model Code throughout FY2024.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Details of interested person and related party transactions of the Group for FY2024 are set out in note 42 to the consolidated financial statements. Please also refer to the sections "related party transactions" and "connected transactions" in the report of the directors of this annual report for further details.

COMPANY SECRETARY

Ms. Annie Chen ("**Ms. Chen**") was appointed as company secretary on 16 January 2021. Ms. Chen has taken no less than 15 hours of relevant professional training during FY2024. The biography of Ms. Chen is set out in the section headed "Biographies of Directors and Senior Management".

COMMUNICATION WITH SHAREHOLDERS

The Company recognises the need to communicate regularly, effectively, timely and fairly with its shareholders on all material matters affecting the Group. Information would be communicated to shareholders mainly through the Company's corporate communications including interim and annual reports, announcements and circulars, all of which are released through the Stock Exchange's website at www.hkexnews.hk, and the Company's website at www.bgbluesky.com. The Company may also hold media meetings on significant events.

All shareholders of the Company receive the annual report and notice of the upcoming AGM. At the AGMs, shareholders are encouraged to participate and are given the opportunity to voice their views and ask questions regarding the Group and its businesses. Separate resolutions on each substantially separate issue are proposed at general meetings for approval. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications involved. All resolutions are also put to vote by poll. The external auditors and legal advisors (if necessary) are present to assist the Directors in addressing any queries by shareholders. In addition, the chairman of the AC, NC and RC are present to address questions at the AGM. The Directors will also engage in investor relations activities to allow the Company to communicate with shareholders as and when it deems necessary and appropriate.

Apart from the AGMs, the Company also regularly conveys pertinent information, gathers views or inputs, and addresses shareholders' concerns. In disclosing information, the Company strives to be as descriptive, detailed and forthcoming as possible.

The Company records minutes of all AGMs and questions and comments from shareholders together with the respective responses are also recorded.

SHAREHOLDERS' RIGHTS

(i) Communications with the Company

The Company is committed in engaging constructive communication with its shareholders through a variety of channels, including through its corporate communications, website, general meetings and investor relations activities. Shareholders who wish to put enquiries to the Board may send communications to: The Board of Directors c/o Investor Relations Department of the Company, by post to the office of the Company in Hong Kong. All communications will be forwarded to the Board or the individual Directors on a regular basis.

The Board reviewed the Company's shareholders communication policy and the Group's shareholders and investor engagement and communication activities conducted in 2024 and was satisfied with the implementation and effectiveness of the shareholders communication policy.

(ii) Shareholders to convene a Special General Meeting

Pursuant to Bye-law 57 of the Bye-laws, members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so.

(iii) Procedures for putting forward proposals at general meetings

There is no provision in the Bye-laws for the shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the above paragraph.

(iv) Procedures for Nomination of a Director

A notice in writing of the intention to propose a person for election as a director of the Company and a notice in writing by that person of his willingness to be elected together with his/her particulars (such as qualifications and experience) and information as required to be disclosed under Rule 13.51(2) of the Listing Rules shall be lodged at the Company's office in Hong Kong. The period for lodgment of the notices required will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting, and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

(v) Procedures for directing Shareholders' enquires to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the office of the Company in Hong Kong or by email ir@bgbluesky.com for the attention of the Board of Directors c/o Company Secretary or Investor Relations Department of the Company.

Shareholders desiring to request circulation of resolution for a general meeting should send the request in writing to the Company in due time before the meeting. If the matter to be considered requires a special notice, the proposed resolution must be given to the Company not less than 28 days before the general meeting at which it is moved. The Company will, in accordance with its obligations under the applicable laws and regulations, provide necessary information either in a supplementary circular or by way of an announcement and, if necessary, adjourn the relevant general meeting for informing all shareholders.

CONSTITUTIONAL DOCUMENTS

A special resolution will be put forward to the Company's shareholders for consideration and approval at the annual general meeting to be held on 29 May 2025 to amend and adopt the amended Bye-laws of the Company in order to (a) allow the Company to repurchase its own shares and the repurchased shares be held as treasury shares, in accordance with applicable laws of Bermuda and the recent amendments to the Listing Rules relating to treasury shares which became effective on 11 June 2024; and (b) incorporate certain housekeeping amendments (the "**Amendments**"). Details of the Amendments were set out in the circular of the Company dated 29 April 2025.

The Bye-laws are available through the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.bgbluesky.com.

REPORT OF THE DIRECTORS

The Directors present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for FY2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in (i) distribution and sales of natural gas to residential, industrial and commercial users through pipelines, the sale of gas-related equipment and the provision of pipeline construction services, operation of compressed natural gas ("**CNG**") and liquefied natural gas ("**LNG**"), refueling stations for vehicles and related value-added service such as repair and maintenance services; (ii) trading and distribution of CNG, LNG, fuel oil and other related oil by-products as a wholesaler to industrial and commercial users, and direct LNG supply to industrial users through direct supply facilities; (iii) development and operation of integrated clean energy and new energy business. The Group's operations based in the PRC, including Hong Kong. The principal activities of the Company's principal subsidiaries are set out in note 1 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the FY2024 and a discussion on the Group's future business development are set out in Chairman's Statement as well as the Management Discussion and Analysis on pages 3 to 4 and pages 5 to 19 of this annual report. A discussion on the Group's environmental policies are set out in the Environmental, Social and Governance Report. An analysis of the Group's performance during the FY2024 using financial key performance indicators is set out in the Management Discussion and Analysis on pages 5 to 19 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During FY2024, to the best of the Directors' knowledge, the Group has not been subject to any fines and/or penalties which had a material adverse impact on our business and operations as a result of our non-compliance with the laws and regulations.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group recognises that employees, suppliers and customers are crucial for the Group's sustainable development. We strive to maintain a close relationship with our employees and provide them with a competitive remuneration package and opportunities within the Group for career advancement. The Group is committed to provide high quality products and services to its customers in order to enhance its competitiveness and strengthen the cooperation with its suppliers.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to certain market risk such as interest rate risk, credit risk and liquidity risk. The details are set out in note 45 to the consolidated financial statements. The Group's financial condition and results of operations would be affected by a number of factors. The principal risks and uncertainties relating to the Group are set out in the Corporate Governance Report of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for FY2024 and the Group's financial position as at 31 December 2024 are set out in the consolidated financial statements on pages 66 to 71.

The Directors, having considered the dividend policy of the Company, do not recommend the payment of final dividend for FY2024 (2023: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the consolidated financial statements, is set out on page 160 of this annual report.

FIXED ASSETS

Details of movements in the property, plant and equipment, investment properties and right-of-use assets of the Group during FY2024 are set out in notes 15, 16 and 17 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of movements of the Company's share capital are set out in note 36 to the consolidated financial statements.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During FY2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 31 December 2024, the Company did not hold any treasury shares.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the Year. Please refer to the paragraph headed – "Substantial Shareholders' And Other Persons' Interests In Shares And Underlying Shares – (ii) Derivative interests of the Company" for details of the conversion Shares falling to be issued and allotted at the conversion price of HK$0.118 per conversion share under the convertible bond of the Company issued on 30 December 2022 with an outstanding principal amount of HK$300 million.

RESERVES

Share premium

Under the Bermuda Companies Act 1981 (as amended from time to time), the funds in the share premium account of the Company may be distributed in the form of fully paid bonus shares.

Merger reserve

Details of movements in the reserves of the Group and the Company are set out in consolidated statements of changes in equity and note 37 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company did not have any reserves available for distribution to equity shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

During FY2024, sales to the Group‘s five largest customers accounted for 30.3% of the total sales for the Year and sales to the largest customer included therein amounted to 11.7% of total sales. Purchases from the Group’s five largest suppliers accounted for 64.1% of the total purchases for FY2024 and purchases from the largest supplier included therein amounted to 21.2% of total purchases. None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company’s issued share capital) had any beneficial interest in the Group’s five largest suppliers and customers.

DIRECTORS

The Directors during FY2024 and up to the date of this report are:

Executive Directors

Mr. Li Weiqi *(Chairman of the Board)*
Mr. Wu Haipeng *(Chief Executive Officer)*
Mr. Li Xianning *(Chief Financial Officer)*
Mr. Yeung Shek Hin

Non-executive Directors

Mr. Shao Dan *(Resigned on 28 October 2024)*
Mr. Gao Ping *(Appointed on 28 October 2024)*

Independent non-executive Directors

Mr. Cui Yulei
Ms. Hsu Wai Man Helen
Mr. Xu Jianwen

In accordance with Bye-law 86(1) of the Company's Bye-laws, Mr. Li Weiqi, Mr. Yeung Shek Hin and Ms. Hsu Wai Man Helen will retire by rotation at the forthcoming AGM. In accordance with Bye-law 85(2) of the Bye-Laws, Mr. Gao Ping will also retire at the forthcoming AGM. All of the above retiring Directors, being eligible, will offer themselves for re-election at the forthcoming AGM.

The Company has received annual confirmations of independence from each of Mr. Cui Yulei, Ms. Hsu Wai Man Helen and Mr. Xu Jianwen, and the Company confirms that it still considers them to be independent.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the FY2024 was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors or their respective spouses or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the current Directors and the senior management of the Group are set out on pages 20 to 23 of this annual report.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2024, none of the Directors have entered into any service agreement with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

Details of the Directors' service agreements are set out on pages 35 to 36 of this annual report.

PERMITTED INDEMNITY PROVISIONS

During FY2024 and up to the date of this report, the Company has in force the permitted indemnity provisions which are provided for in the Company's Bye-laws and in the directors and officers liability insurance maintained for the Group in respect of potential liability and cost associated with legal proceedings that may be brought against the Directors.

EMOLUMENT OF DIRECTORS AND EMPLOYEES

The Group's employees are selected, remunerated and promoted based on their merit, qualifications and competence. The Directors' remuneration is subject to approval by the RC with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of the Directors' remuneration are set out in note 10 to the consolidated financial statements.

HIGHEST PAID INDIVIDUALS

During FY2024, the five individuals with the highest remuneration in the Group are three Directors and two individuals. Details of the highest paid individuals are set out in note 11 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

No Director had a material interest, either directly or indirectly, in any transactions, arrangement or contract of significance to the business of the Group to which the Company, its holding company, or its subsidiaries was a party subsisting during or at the end of FY2024.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, there were no contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or fellow subsidiaries or a Controlling Shareholder was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at as 31 December 2024 or at any time during FY2024.

MANAGEMENT CONTRACTS

No contract, other than service and/or employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during FY2024.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During FY2024 and up to the date of this annual report, the non-executive Director, Mr. Gao Ping, held directorship positions in certain members of Beijing Gas Group, which is the Controlling Shareholder of the Company, principally engaged in supplying and selling piped natural gas and related businesses in Beijing. Save as disclosed above, none of the Directors has any interest in a business which competes or may compete with the business of the Group under the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2024, none of the Directors or chief executive of the Company and their associates had any interests or short positions in the Shares, warrants, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required as recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix C3 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, persons/corporations (other than the Directors and the chief executive of the Company) which had interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

(i) Interest in shares of the Company

Name	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding at 31/12/2024 (Note 3)
Beijing Gas Company Limited (Note 2)	Beneficial owner	15,091,042,131 (L)	66.37%
Beijing Gas Group Co., Ltd (Note 2)	Interest of controlled corporation	15,091,042,131 (L)	66.37%
Beijing Enterprises Group Company Limited (Note 2)	Interest of controlled corporation	15,091,042,131 (L)	66.37%

Notes:

1. The letter "L" denotes a long position in the shares of the Company.

2. Beijing Enterprises Group Company Limited indirectly controlled Beijing Gas Company Limited through Beijing Gas Group Co., Ltd. and is deemed to be interested in 15,091,042,131 Shares.

3. The percentage is calculated on the basis of 22,736,114,715 Shares in issue as at 31 December 2024.

(ii) Derivative interests of the Company

Name	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding at 31/12/2024 (Note 3)
Beijing Gas Company Limited (Note 2)	Beneficial owner	2,542,372,881 (L)	11.18%
Beijing Gas Group Co., Ltd (Note 2)	Interest of controlled corporation	2,542,372,881 (L)	11.18%
Beijing Enterprises Group Company Limited (Note 2)	Interest of controlled corporation	2,542,372,881 (L)	11.18%

Notes:

1. The letter "L" denotes a long position in the shares of the Company.

2. Beijing Enterprises Group Company Limited indirectly controlled Beijing Gas Company Limited through Beijing Gas Group Co., Ltd. and is deemed to be interested in 2,542,372,881 conversion Shares. Please refer to the circular of the Company dated 31 October 2022 and the announcement of the Company dated 30 December 2022 for details.

3. The percentage is calculated on the basis of 22,736,114,715 Shares in issue as at 31 December 2024.

Save as disclosed above, the Company has not been notified of any persons/corporations (other than the Directors and the chief executive officer of the Company) who had interests or short positions in the Shares or underlying Shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of SFO as at 31 December 2024, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

RELATED PARTY TRANSACTIONS

Details of significant related party transactions of the Group during FY2024 are set out in note 42 to the consolidated financial statements.

For those related party transactions during FY2024 which constituted connected transactions or continuing connected transactions (as the case may be) of the Company under the Listing Rules, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Save as disclosed below, none of the related party transactions as disclosed in note 42 to the consolidated financial statements in the annual report constituted connected transactions under the Listing Rules.

CONNECTED TRANSACTIONS

1. The New Finance Documents

On 14 December 2023, the Company, as the borrower, entered into the New Finance Documents (as defined in the Company's circular dated 8 January 2024) with Beijing Gas Group, a controlling shareholder of the Company. Pursuant to the New Finance Documents, Beijing Gas Group agreed to provide the Company with the New Facility (as defined in the Company's circular dated 8 January 2024), being a term loan facility in an aggregate amount of HK$700,000,000 equivalent of RMB, to be secured by approximately 20.92% of the issued shares of Beijing Gas JingTang Company Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong, to be provided by Beijing Gas JingTang Company Ltd. as collateral in favor of Beijing Gas Group. The entering into the New Finance Documents was classified as a connected transaction of the Company under Chapter 14A of the Listing Rules and was subject to the reporting, announcement and Independent Shareholders' approval requirements.

The entering into of the New Finance Documents was approved by the independent Shareholders at the special general meeting held on 24 January 2024. For details of the New Finance Documents, please refer to the circular and poll results announcement of the Company dated 8 January 2024 and 24 January 2024, respectively.

2. Acquisition of 49% of the equity interest in Beijing United

On 19 December 2023, the Group, as purchaser, entered into an equity transfer agreement for the sale and purchase of 49% of the entire equity interest in Beijing United and completed the acquisition of Beijing United in July 2024. For details of the Acquisition, please refer to the paragraph headed "Business Review – Development and Operation of Integrated Clean Energy and New Energy Business" in this report.

3. Acquisition of the Beiqijia Assets

On 26 April 2024, the Group, as purchaser, entered into the acquisition of the Beiqijia Assets. For details of the acquisition of the Beiqijia Assets, please refer to the paragraph headed "Business Review – Development and Operation of Integrated Clean Energy and New Energy Business" in this report.

CONTINUING CONNECTED TRANSACTIONS

During FY2024, the Group has the following continuing connected transactions, details of which are set out below:

1. 2023 Natural Gas Master Agreement

The principal terms of the 2023 Natural Gas Master Agreement (as defined in the Company's circular dated 6 December 2023) are summarized as follows:

Date:	23 October 2023
Parties:	(i) The Company; and (ii) BGGT
Term:	For a term of three years commencing from 1 January 2024 to 31 December 2026 (both days inclusive)
Subject matter:	Purchase of natural gas from BGGT (or its designated subsidiaries or associates). The purchase of natural gas from BGGT could provide the Group with a stable and alternative gas source of LNG.
Basis of Pricing:	The sale and purchase price of natural gas under the Natural Gas Master Agreement shall be determined by the relevant parties upon arm's length negotiations based on normal commercial terms which shall be no less favourable to the Company than that are available from independent third parties and/or the following benchmark prices: (i) the purchase price of LNG shall be determined with reference to the market price quoted from the respective local LNG terminal(s) or ex-factory price; (ii) the purchase price of piped natural gas shall be determined with reference to respective pipeline connection price or market price; and (iii) the purchase price for CNG shall be determined with reference to the market-based prices in the corresponding regions of CNG supply and going-rate pricing.
Annual Cap:	FY2024: RMB2,300,000,000
Actual Transaction Amount:	FY2024: RMB251,821,000

2. Deposit Services Master Agreement

On 23 October 2023, the Company entered into the Deposit Services Master Agreement (as defined in the Company's circular dated 6 December 2023) with Beijing Enterprises Group Finance Co., Ltd.* (北京控股集團財務有限公司) ("**BE Group Finance**"), an associate of the Company's controlling Shareholder Beijing Enterprises Group Company Limited* (北京控股集團有限公司) ("**BE Group**"). BE Group Finance was therefore a connected person of the Company. Pursuant to the Deposit Services Master Agreement, the Group may, in its usual and ordinary course of business and treasury management, place and maintain deposits with BE Group Finance on normal commercial terms from time to time. The rate at which interest will accrue on any deposit placed by the Group with BE Group Finance under the Deposit Services Master Agreement will not be lower than the (i) the minimum interest rate prescribed by the People's Bank of China for the same type of deposits; (ii) the interest rates offered by commercial banks in Hong Kong and the PRC to the Group for the same type of deposits; and (iii) the interest rates offered by BE Group Finance to other members of BE Group for the same type of deposits.

The Deposit Service Master Agreement shall remain in force for a term of three years from 22 December 2023.

Under the Deposit Service Master Agreement, the annual cap in respect of the aggregate amount of daily maximum balance of deposits to be placed and maintained by the Group with BE Group Finance (including the interests accrued thereon) for the period between 1 January 2024 and 31 December 2024 had been fixed at RMB280 million. For the period between 1 January 2024 and 31 December 2024, the actual maximum amount of daily deposit balance (including the interests accrued thereon) was RMB152,179,000.

The entering into of the 2023 Natural Gas Master Agreement and the Deposit Services Master Agreement were approved by the independent Shareholders at the special general meeting held on 22 December 2023. For details, please refer to the circular and poll results announcement of the Company dated 6 December 2023 and 22 December 2023, respectively.

Annual Review

The independent non-executive Directors have reviewed the aforesaid continuing connected transactions conducted in FY2024 and confirmed that the transactions as set out above have been entered into by the Group:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreements on terms that were fair and reasonable and in the interests of the shareholders and the Company as a whole.

The auditors of the Company, Ernst & Young, were engaged to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transaction under the Hong Kong Listing Rules" issued by the HKICPA. The auditors have provided a letter to the Board confirming that nothing has come to their attention that causes them to believe the continuing connected transactions:

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects, in accordance with relevant agreements governing such transactions; and

(iii) have exceeded the annual caps as set by the Company.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may declare and distribute dividends to the shareholders of the Company, provided that the Group is profitable and having retained adequate reserves for future growth.

In proposing any dividend payout, the Board shall take into account the following factors:

1. the Group's current and future operations;

2. the Group's capital requirements;

3. the Group's liquidity position;

4. the Group's debt to equity ratios and the debt level;

5. retained earnings and distributable reserves of the Company and each of the other members of the Group;

6. statutory and regulatory restrictions;

7. other internal or external factors that may have an impact on the business or financial performance and positions of the Company; and

8. other factors that the Board deems relevant.

ANNUAL GENERAL MEETING

The 2025 AGM will be held on Thursday, 29 May 2025. A notice convening the 2025 AGM will be issued to the shareholders of the Company together with this annual report, which will also be available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.bgbluesky.com.

CORPORATE GOVERNANCE

The Company has applied the principles of the CG Code as set out in Appendix C1 to the Listing Rules. The Company has complied with the code provisions as set out in the CG Code in force during the year throughout FY2024.

CHANGES IN DIRECTORS' INFORMATION

Mr. Shao Dan resigned as a non-executive Director on 28 October 2024 and Mr. Gao Ping has been appointed as a non-executive Director with effect from 28 October 2024.

Save as disclosed above, there are no changes in the information of Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) subsequent to the publication of the 2024 interim report or their respective date of appointment.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

Bank facility letter entered into on 3 January 2024

Pursuant to the facility letter entered into between the Company and a bank on 3 January 2024, in relation to an uncommitted term loan facility with a principal amount up to RMB200,000,000, the Company shall ensure that (i) the People's Government of Beijing Municipality* (北京市人民政府) shall directly or indirectly own 100% of the equity interest, and maintain effective management, supervision and control of BE Group; (ii) BE Group shall own not less than 40% of the equity interest, and maintain effective management and control of Beijing Enterprises Holdings Limited (stock code: 392) ("**BEHL**"); (iii) BEHL shall directly or indirectly own not less than 51% of the equity interest in Beijing Gas Group, a controlling shareholder of the Company; and (iv) Beijing Gas Group shall directly or indirectly own not less than 51% of the equity interest in the Company. In the event the aforesaid covenant has been breached, the bank may terminate the facility and demand immediate repayment of all outstanding amounts from time to time. The facility shall be repayable in full on the last day of the 12-month period from the date of relevant drawdown or any other period agreed between the Company and the bank. For details, please refer to the Company's announcement dated 3 January 2024.

Bank facility agreement entered into on 23 February 2024

Pursuant to the facility agreement entered into between the Company and a bank on 23 February 2024, in relation to an uncommitted revolving loan facility for a period between the date of the facility agreement and 23 November 2028 with an aggregate amount of up to RMB200,000,000, the Company shall be directly or indirectly at least 51% beneficially owned and controlled by Beijing Gas Group throughout the life of the facility. In the event the aforesaid condition has been breached, the bank may terminate the facility and demand immediate repayment of all outstanding amounts from time to time. Each drawdown under the facility shall be repayable in full on the last day of the corresponding tenor of no more than one year (unless otherwise agreed). For details, please refer to the Company's announcement dated 23 February 2024.

Bank facility letter entered into on 7 June 2024

Pursuant to the facility letter entered into between the Company and a bank on 7 June 2024, in relation to an uncommitted revolving loan facility with an aggregate amount of up to HK$400,000,000 equivalent, the Company shall procure that (i) Beijing Gas Group shall directly or indirectly own not less than 51% of the issued shares of the Company; and (ii) the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality* (北京市人民政府國有資產監督管理委員會) ("**Beijing SASAC**") shall remain as the single largest shareholder of BE Group. In the event the aforesaid undertaking(s) has been breached, the bank may terminate the facility and demand immediate repayment of all outstanding amounts from time to time. The facility has an available drawdown period of one year from the acceptance date or such other date as the bank may from time to time determine in its sole discretion. For details, please refer to the Company's announcement dated 7 June 2024.

Bank facility letter entered into on 9 September 2024

On 9 September 2024, the Company accepted the terms and conditions of the facility letter issued by a bank in relation to an uncommitted revolving loan facility with an aggregate amount of up to HK$200,000,000 equivalent. The maturity date of the facility is 12 months from the acceptance, subject to the bank's overriding right of repayment on demand, amending, cancelling and/or restructuring any of the facility and/or pricing at the bank's sole discretion without prior notice from time to time. The facility letter provides that, among others, undertakings by the Company to procure that (1) Beijing SASAC shall remain as the single largest shareholder of BE Group; (2) BE Group shall remain not less than 51% shareholding directly or indirectly in Beijing Gas Group; and (3) Beijing Gas Group shall remain not less than 51% shareholding directly or indirectly in the Company. In the event the aforesaid undertaking(s) has been breached, the bank may terminate the facility and demand immediate repayment of all outstanding amounts from time to time. For details, please refer to the Company's announcement dated 9 September 2024.

Bank facility letter entered into on 9 September 2024

Pursuant to the facility letter entered into between the Company and a bank on 9 September 2024, in relation to an uncommitted revolving loan facility with an aggregate amount of up to RMB200,000,000. Subject to the bank's overriding right of repayment on demand, the principal amount is repayable in one lump sum on the date falling 12 months from the drawdown date, being the maturity date of the facility. The facility agreement provides that, among others, undertakings by the Company to procure that BEHL and Beijing Gas Group shall maintain, directly or indirectly, over 50% shareholdings in the Company. In the event that the aforesaid undertaking has been breached, the bank may terminate the facility and demand immediate repayment of all outstanding amounts from time to time. For details, please refer to the Company's announcement dated 9 September 2024.

Bank facility letter entered into on 16 December 2024

The Company and a bank entered into a facility letter (the "**Facility Letter**") on 22 December 2023, in relation to an uncommitted revolving loan facility with an aggregate amount of up to CNH200,000,000 or equivalent amount in HKD (the "**Facility**"). The Company repaid the advance under the Facility in full to the bank and requested an advance under the Facility Letter in the amount of CNH183,600,000 dated 16 December 2024. The new advance shall have a drawdown period of eleven months from the date of drawdown. The terms and conditions of the Facility Letter shall apply to the new advance. The Facility Letter provides that, among others, an undertaking for the Company to procure that (i) Beijing Gas Group shall not cease to control, directly or indirectly, the Company; (ii) BEHL shall not cease to control, directly or indirectly, Beijing Gas Group; and (iii) Beijing SASAC shall not cease to be (directly or indirectly) the single largest shareholder of BEHL and/or Beijing Gas Group. In the event the aforesaid covenant has been breached, the bank may terminate the New Advance and demand immediate repayment of all outstanding amounts from time to time. For details, please refer to the Company's announcement dated 16 December 2024.

Bank facility agreement entered into on 6 January 2025

The Company and a banking group entered into a facility agreement (the "**Facility Agreement**") on 6 September 2023 in relation to an uncommitted revolving loan facility with an aggregate amount of up to HK$400,000,000 equivalent. The Company submitted a regranting request (the "**Regranting Request**") to the agent of the banking group which was accepted on 6 January 2025. Pursuant to the Facility Agreement and the Regranting Request, the facility to be granted to the Company shall be an aggregate amount of up to HK$400,000,000 equivalent (the "**New Facility**") and the maturity date of the New Facility shall be 12 September 2025. Each utilisation under the New Facility shall be repayable in full on the last day of the corresponding interest period of one, two, three or six month(s) or any other period agreed between the Company and the agent. The Facility Agreement provides that, among others, throughout the life of the New Facility, it would be a change of control ("**Change of Control**") if (A) Beijing SASAC is no longer the single largest shareholder of BE Group; (B) BE Group does not or ceases to beneficially own at least 51% of the issued share capital of Beijing Gas Group; or (C) Beijing Gas Group does not or ceases to beneficially own at least 51% of the issued share capital of the Company.

If a Change of Control occurs:

(a) the Company shall promptly notify the Agent upon becoming aware of that event;

(b) a lender under the Facility Agreement shall not be obliged to fund a utilisation of the New Facility; and

(c) if a lender so requires and notifies the Agent, the Agent shall, by not less than 14 days' notice to the Company, cancel the commitment of that lender and declare the participation of that lender in the outstanding loan, together with accrued interest, and all other amounts accrued under the finance documents immediately due and payable.

For details, please refer to the Company's announcement dated 6 January 2025.

SUBSIDIARIES

Details of the Company's principal subsidiaries are set out in note 1 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public throughout the year ended 31 December 2024 and as at the date of this annual report.

ACCOUNTABILITY

The Board aims to ensure that the interim and annual financial statements and results announcements are presented in a manner which provides a balanced and understandable assessment of the Group's performance, position and prospect. The financial statements have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view of the state of affairs of the Group at the end of the financial year. The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2024.

AUDIT COMMITTEE

The Audit Committee currently comprises three members, namely, Mr. Cui Yulei, Ms. Hsu Wai Man Helen and Mr. Xu Jianwen all being independent non-executive Directors, with Ms. Hsu Wai Man Helen as the chairman of the Audit Committee. The Audit Committee has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the risk management and internal control and reporting matters. The Audit Committee has reviewed with the management the consolidated financial statements of the Group for the year ended 31 December 2024.

The Audit Committee has recommended to the Board the re-appointment of Ernst & Young as the external auditors of the Company at the forthcoming annual general meeting.

AUDITORS

The consolidated financial statements of the Group for FY2024 were audited by Ernst & Young. Ernst & Young will retire and, being eligible, offer themselves for reappointment at the forthcoming AGM. A resolution will be submitted to the AGM to re-appoint Ernst & Young as the auditor of the Company. There were no changes in the auditor of the Company during the past three years.

On behalf of the Board

Mr. Li Weiqi
Chairman of the Board and executive Director

Mr. Wu Haipeng
Chief Executive Officer and executive Director

Hong Kong, 26 March 2025

* *For identification purposes only*

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of
Beijing Gas Blue Sky Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Beijing Gas Blue Sky Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 66 to 159, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the"HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

KEY AUDIT MATTERS (Continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
The carrying amount of the Group's goodwill as at 31 December 2024 amounted to approximately RMB660 million. The Group is required to perform impairment test for goodwill at least on an annual basis. In performing the tests, the recoverable amounts of the relevant cash-generating units are estimated, which are compared with their respective carrying values. The Group has engaged an external specialist to assist in the impairment assessment. For the year under review, the recoverable amounts of the relevant cash-generating units have been determined by management based on a value in use calculation, which are estimated largely based on management expectation, assumptions and estimates of future results of the cash-generating units to which the goodwill have been allocated. The assumptions are affected by expectation of future market or economic conditions. Given the complexity and judgemental nature of the impairment testing, this is identified as a key audit matter. Relevant disclosures for impairment assessment of goodwill are included in notes 3.4, 4 and 20 to the consolidated financial statements.	We considered the competency, capabilities and objectivity of the external specialist engaged by the Group and involved our internal valuation specialists to assist us in evaluating the methodology and key assumptions adopted in the impairment assessment. We evaluated management expectation, assumptions and estimates of future results of the cash-generating units used in the valuation models by (i) testing the assumptions used in the cash flow forecasts; (ii) comparing the historical forecast with actual results; and (iii) obtaining corroborative evidence to support the discount rates and growth rates assumptions. We assessed the adequacy of the disclosures of the impairment tests in the consolidated financial statements, including the key assumptions with the most significant effect on the determination of the recoverable amounts, such as discount rates and growth rates.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses of trade receivables and other receivables	
At 31 December 2024, the Group has significant balances of trade receivables and other receivables with an aggregate carrying amount of approximately RMB287 million, net of provision for expected credit losses ("ECL"). The provision for ECL of these assets as at 31 December 2024 amounted to approximately RMB1,513 million in aggregate. Management has engaged an external specialist to assist in the calculation of the ECL. The Group considered all available information in the assessment which included information about past events, current conditions and forecasts of future economic conditions to estimate the ECL. We identified the ECL assessment of trade receivables and other receivables as a key audit matter because of their significant balances, and significant management judgements and estimates involved in determining the ECL. Relevant disclosures are included in notes 3.4, 4, 24(b) and 26(b) to the consolidated financial statements.	We obtained an understanding of the Group's credit risk management and practices, and assessed the Group's policy in determining ECL, including an evaluation of management judgements on (i) the level of disaggregation of categories for assessment; (ii) the use of available credit risk information including historical and forward-looking factors; and (iii) the criteria for determining if a significant increase in credit risk has occurred. We obtained and reviewed the ECL calculation established by management which is based on the relevant credit risk of the debtors and, with the aid of the external specialist, adjusted for forward-looking factors specific to debtors and economic environment. We considered the competency, capabilities and objectivity of the external specialist engaged by the management. We involved our internal specialists to assist us to evaluate the Group's estimation methodology of ECL and compare the parameters against external available data sources. We also assessed the adequacy of the related disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. TSANG, Chiu Hang.

Ernst & Young
Certified Public Accountants
Hong Kong
26 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
REVENUE	6	**1,688,431**	1,935,619
Cost of sales		**(1,638,725)**	(1,876,771)
Gross profit		**49,706**	58,848
Other income and gains, net	7	**54,832**	69,729
Administrative expenses		**(136,312)**	(146,839)
Reversal of impairment/(impairment) of financial assets, net	9	**(37,137)**	10,719
Other expenses, net		**(6,443)**	(21,181)
Finance costs	8	**(110,664)**	(173,735)
Share of profits and losses of:			
Joint ventures		**(14)**	77
Associates		**302,306**	302,250
PROFIT BEFORE TAX	9	**116,274**	99,868
Income tax	12	**(31,329)**	(7,493)
PROFIT FOR THE YEAR		**84,945**	92,375
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation from functional currency to presentation currency		**3,995**	12,669
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**4,844**	2,995
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		**8,839**	15,664
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**93,784**	108,039
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**85,066**	82,161
Non-controlling interests		**(121)**	10,214
		84,945	92,375
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**93,905**	97,825
Non-controlling interests		**(121)**	10,214
		93,784	108,039
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted (RMB cents)	13	**0.37**	0.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	**As at 31 December 2024 RMB'000**	As at 31 December 2023 RMB'000 (Restated)	As at 1 January 2023 RMB'000 (Restated)
Non-current assets				
Property, plant and equipment	15	**479,576**	503,053	552,407
Investment properties	16	**59,466**	61,425	64,605
Right-of-use assets	17(a)	**33,040**	41,084	34,944
Goodwill	18	**659,908**	659,908	659,908
Operating rights	19	**319,505**	337,034	357,023
Investments in joint ventures	21	**18,084**	19,179	21,753
Investments in associates	22	**1,975,030**	1,796,176	1,666,081
Prepayments, deposits and other receivables	26	**9,357**	1,433	1,784
Equity investments at fair value through other comprehensive income		**100**	426	417
Total non-current assets		**3,554,066**	3,419,718	3,358,922
Current assets				
Inventories	23	**12,823**	17,002	17,824
Trade receivables	24	**73,452**	78,610	98,403
Contract assets	25	**44,089**	26,945	37,812
Prepayments, deposits and other receivables	26	**336,116**	416,329	443,447
Due from joint ventures	27	**59,608**	37,407	69,671
Due from associates	27	**87**	175,336	6,563
Due from related parties	27	**4,695**	19,556	10,408
Financial assets at fair value through profit or loss	28	**42**	82	112
Income tax recoverable		**2,935**	1,387	916
Restricted cash and pledged deposits	29	**2,387**	8,351	14,125
Cash and cash equivalents	29	**360,328**	363,708	487,576
Total current assets		**896,562**	1,144,713	1,186,857

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000 (Restated)	As at 1 January 2023 RMB'000 (Restated)
Current liabilities				
Trade and bills payables	30	**107,438**	116,263	115,315
Other payables and accruals	31	**320,164**	381,253	417,480
Due to joint ventures	27	**–**	19,873	56,177
Due to associates	27	**35**	2,430	–
Due to a related party	27	**46,626**	–	–
Income tax payables		**62,792**	52,362	54,309
Bank and other borrowings	32	**2,039,511**	1,500,610	1,496,248
Convertible bond	33	**291,268**	–	–
Lease liabilities	17(a)	**3,697**	5,920	5,129
Provision for litigations	34	**–**	–	38,709
Total current liabilities		**2,871,531**	2,078,711	2,183,367
NET CURRENT LIABILITIES		**(1,974,969)**	(933,998)	(996,510)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,579,097**	2,485,720	2,362,412
Non-current liabilities				
Other payables and accrued charges	31	**34**	–	–
Bank and other borrowings	32	**3,105**	712,007	678,053
Convertible bond	33	**–**	248,637	207,912
Lease liabilities	17(a)	**10,085**	15,240	8,022
Deferred tax liabilities	35	**85,718**	90,611	95,120
Total non-current liabilities		**98,942**	1,066,495	989,107
Net assets		**1,480,155**	1,419,225	1,373,305
EQUITY				
Equity attributable to shareholders of the Company				
Issued capital	36	**1,063,051**	1,063,051	1,063,051
Reserves	37(a)	**292,737**	198,832	101,007
		1,355,788	1,261,883	1,164,058
Non-controlling interests		**124,367**	157,342	209,247
Total equity		**1,480,155**	1,419,225	1,373,305

Mr. Li Weiqi
Chairman of the Board and executive Director

Mr. Wu Haipeng
Chief Executive Officer and executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to shareholders of the Company										
	Issued capital RMB'000	Share premium account RMB'000	Equity component of convertible bond RMB'000	Investment revaluation reserve RMB'000	Merger reserve RMB'000	Other reserves RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling Interests RMB'000	Total equity RMB'000
At 1 January 2023 (Restated)	1,063,051	3,854,679	54,814	(44,200)	(41,877)	8,889	109,542	(3,840,840)	1,164,058	209,247	1,373,305
Profit for the year	–	–	–	–	–	–	–	82,161	82,161	10,214	92,375
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations and the Company's financial statements	–	–	–	–	–	–	15,664	–	15,664	–	15,664
Total comprehensive income for the year	–	–	–	–	–	–	15,664	82,161	97,825	10,214	108,039
Transfer to reserves	–	–	–	–	–	33,466	–	(33,466)	–	–	–
Dividend paid to non-controlling equity holders of a subsidiary	–	–	–	–	–	–	–	–	–	(62,119)	(62,119)
At 31 December 2023 (Restated)	1,063,051	3,854,679	54,814	(44,200)	(41,877)	42,355	125,206	(3,792,145)	1,261,883	157,342	1,419,225
At 1 January 2024	**1,063,051**	**3,854,679***	**54,814***	**(44,200)***	**(41,877)***	**42,355***	**125,206***	**(3,792,145)***	**1,261,883**	**157,342**	**1,419,225**
Profit/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**85,066**	**85,066**	**(121)**	**84,945**
Other comprehensive income/(loss) for the year:											
Exchange differences on translation of foreign operations and the Company's financial statements	**-**	**-**	**-**	**-**	**-**	**-**	**8,839**	**-**	**8,839**	**-**	**8,839**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**8,839**	**85,066**	**93,905**	**(121)**	**93,784**
Transfer to reserves	**-**	**-**	**-**	**-**	**-**	**1,159**	**-**	**(1,159)**	**-**	**-**	**-**
Dividend paid to non-controlling equity holders of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(32,854)**	**(32,854)**
At 31 December 2024	**1,063,051**	**3,854,679***	**54,814***	**(44,200)***	**(41,877)***	**43,514***	**134,045***	**(3,708,238)***	**1,355,788**	**124,367**	**1,480,155**

* These reserve accounts comprise the consolidated reserves of RMB292,737,000 (2023: RMB198,832,000) in the consolidated statement of financial position as at 31 December 2024.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**116,274**	99,868
Adjustments for:			
Depreciation of property, plant and equipment	9	**50,507**	68,841
Depreciation of investment properties	9	**3,241**	3,180
Depreciation of right-of-use assets	9	**6,773**	7,817
Amortisation of operating rights	9	**17,529**	17,529
Impairment of property, plant and equipment	9	**4,865**	16,838
Impairment/(reversal of impairment) of financial assets, net	9	**37,137**	(10,719)
Fair value loss of financial assets at fair value through profit or loss	9	**40**	30
Loss on disposal of items of property, plant and equipment	9	**–**	790
Loss on deregistration of subsidiaries	9	**–**	741
Loss on dissolution of associates		**1,081**	–
Interest income	7	**(2,264)**	(2,927)
Finance costs	8	**110,664**	173,735
Termination of a lease		**–**	715
Share of losses/(profits) of joint ventures		**14**	(77)
Share of profits of associates		**(302,306)**	(302,250)
Reversal of provision for litigations	9	**–**	(44,200)
		43,555	29,973
Decrease in inventories		**4,179**	822
Decrease/(increase) in trade receivables		**(7,851)**	21,908
Decrease/(increase) in contract assets		**(17,144)**	10,867
Decrease in prepayments, deposits and other receivables		**75,085**	31,559
Increase/(decrease) in amounts due from related parties		**14,861**	(9,148)
Increase/(decrease) in trade and bills payables		**(8,825)**	948
Decrease in other payables and accruals		**(61,055)**	(36,227)
Cash generated from operations		**42,805**	50,702
Income tax paid		**(25,792)**	(13,257)
Net cash flows from operating activities		**17,013**	37,445

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**2,264**	2,927
Receipt of outstanding consideration in respect of disposal of subsidiaries in the prior year		**–**	16,328
Purchases of items of property, plant and equipment		**(40,790)**	(50,897)
Acquisition of an associate		**(40,470)**	–
Dividend received from an associate		**348,000**	–
Decrease in time deposits with maturity of more than three months when acquired		**–**	20,000
Proceeds from disposal of items of property, plant and equipment		**8,895**	6,866
Net cash flows from/(used in) investing activities		**277,899**	(4,776)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new bank and other borrowings		**2,034,688**	1,877,553
Repayment of bank and other borrowings		**(2,199,994)**	(1,872,874)
Decrease in restricted cash and pledged deposits		**5,964**	5,774
Dividends paid to non-controlling equity holders of subsidiaries		**(32,854)**	(62,119)
Repayment to joint ventures		**(42,074)**	(4,040)
Advance from/(repayment to) associates		**(1,146)**	7,657
Principal portion of lease payments		**(6,158)**	(6,692)
Interest portion of lease payments		**(867)**	(957)
Other interest paid		**(57,009)**	(98,416)
Net cash flows used in financing activities		**(299,450)**	(154,114)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(4,538)**	(121,445)
Effect of foreign exchange rate changes, net		**1,158**	17,577
Cash and cash equivalents at beginning of year		**363,708**	467,576
CASH AND CASH EQUIVALENTS AT END OF YEAR		**360,328**	363,708
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances other than time deposits	29	**362,715**	372,059
Less: Restricted cash and pledged deposits	29	**(2,387)**	(8,351)
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**360,328**	363,708

1. CORPORATE AND GROUP INFORMATION

Beijing Gas Blue Sky Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office and the principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 1003-04,10/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong, respectively.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in:

- distribution and sales of natural gas to residential, industrial and commercial users through pipelines, the sale of gas-related equipment and the provision of pipeline construction services, operation of compressed natural gas ("CNG") and liquefied natural gas ("LNG") refueling stations for vehicles and related value-added service such as repair and maintenance services;
- trading and distribution of CNG, LNG, fuel oil and other related oil by-products as a wholesaler to industrial and commercial users, and direct LNG supply to industrial users through direct supply facilities; and
- development and operation of integrated clean energy and new energy business.

At 31 December 2024, the immediate holding company of the Company is Beijing Gas Company Limited ("Beijing Gas HK"), which is incorporated in Hong Kong with limited liability and, in the opinion of the directors, the ultimate holding company of the Company is 北京控股集團有限公司, which is a state-owned enterprise established in the People's Republic of China (the "PRC") and wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality.

Information about principal subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and operations	Issued or paid-up capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Goldlink Capital Limited	British Virgin Islands ("BVI")/Hong Kong	US$100	100	–	Investment holding
松原市北燃藍天新能源有限公司 ("Songyuan Beijing Gas Blue Sky")^	PRC/Mainland China	Renminbi ("RMB") 3,571,000	–	100	Sale of natural gas and provision of pipeline construction and other related services

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about principal subsidiaries (Continued)

Company name	Place of incorporation/ registration and operations	Issued or paid-up capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
山西民生天燃氣有限公司 ("Shanxi Minsheng")^	PRC/Mainland China	RMB80,000,000	–	51	Sale of natural gas and provision of pipeline construction and other related services
永濟市民生天燃氣有限公司 ("Yongji Minsheng")^	PRC/Mainland China	RMB60,000,000	–	51	Sale of natural gas and provision of pipeline construction and other related services
浙江博信能源有限公司Ω	PRC/Mainland China	RMB200,000,000	–	100	Sale and distribution of natural gas and other related products
Beijing Gas JingTang Company Limited ("BGJTCL")*	Hong Kong	HK$10,000	–	100	Investment holding
北京燃氣集團藤縣有限公司 ("BJ Gas Tengxian")^	PRC/Mainland China	RMB30,000,000	–	51	Sale of natural gas and provision of pipeline construction and other related services

Ω These entities are registered as wholly-foreign-owned enterprises under PRC Law.

^ These entities are registered as limited liability companies under PRC Law.

* 20.92% and 8.37% equity interest of this entity held by the Group are pledged to secure a loan from the intermediate holding company of RMB637 million (note 32(b)(ii)) and the convertible bond issued by the Company (note 33), respectively.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. BASIS OF PRESENTATION

As at 31 December 2024, the Group had net current liabilities of approximately RMB1.97 billion. In preparing the consolidated financial statements, the Directors of the Company (the "Directors") have given careful consideration of the liquidity requirement for the Group's operations, the performance of the Group and available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The Directors have reviewed the Group's cash flow projections prepared by management which covers a period of not less than twelve months from 31 December 2024. In the opinion of the Directors, the Group will have adequate funds available to enable it to operate as a going concern after taking into account, inter alia, the historical operating performance of the Group, good track record and relationship with banks and the following:

(i) a fellow subsidiary has agreed to provide a revolving loan of HK$1,000 million to the Group;

(ii) the Group obtained a preliminary offer from a leading bank for the provision of a syndicated loan of RMB1,000 million in March 2025;

(iii) the Group received notification from banks in March 2025 for their agreement to extend the maturity dates of revolving loans of HK$1,000 million in aggregate, with original maturity terms in 2025 and January 2026, for another one year should there be no material adverse event as stipulated in the respective facility agreement;

(iv) the dividend expected to be distributed by an associate; and

(v) continuing financial support from the Company's holding companies including letter of comfort offered by the intermediate holding company to financial institutions to the extent of HK$3.3 billion.

Accordingly, these financial statements have been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business.

3. ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS accounting standards and, where applicable, interpretations issued by the IFRS Interpretations Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

These financial statements are presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Change of presentation currency

The Company's presentation currency for its consolidated financial statements has been changed from HK$ to RMB from 1 January 2024. As most of the Group's transactions are denominated and settled in RMB, the board of directors of the Company (the "Board") considers that RMB is more appropriate to be the presentation currency for the Group's consolidated financial statements. Further, the Board considers that the change of presentation currency will enable the shareholders and potential investors of the Company to have a clearer picture of the Group's actual financial performance and financial position. The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated. The comparative amounts in the consolidated financial statements are presented as if RMB had always been the presentation currency of the consolidated financial statements. The Group has also presented the consolidated statement of financial position as at 1 January 2023 without related notes.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

3. ACCOUNTING POLICIES (Continued)

3.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interests and the exchange fluctuation reserve and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. ACCOUNTING POLICIES (Continued)

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. ACCOUNTING POLICIES (Continued)

3.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those revised IFRS Accounting Standards that are expected to be applicable to the Group is described below:

(a) IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

3. ACCOUNTING POLICIES (Continued)

3.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(b) IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

(c) Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(d) Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

3. ACCOUNTING POLICIES (Continued)

3.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(e) Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

(f) Annual Improvements to *IFRS Accounting Standards – Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures:* The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES

Investments in joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in joint ventures and associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of joint ventures and associates is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint ventures and associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's investments in the joint ventures and associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures and associates is included as part of the Group's investments in joint ventures and associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of joint control over the joint venture or significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint ventures and associates upon loss of joint control or significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a holding company of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures certain equity and fund investments at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its estimated residual value over its estimated useful life. The estimated useful lives of different categories of property, plant and equipment are as follows:

Buildings	15 years
Leasehold improvements	Over the shorter of the lease terms or 5 years
Plant and machinery	10 years
Gas pipelines	Over the shorter of 30 years or operating period of the relevant entity
Furniture, fixtures and office equipment	5 years
Motor vehicles	3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any accumulated impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation.

Depreciation is calculated on the straight-line basis to write off the cost of investment properties to their estimated residual values over their estimated useful lives of 20 years. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the period of the retirement or disposal.

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on the straight-line basis over the following depreciation periods, which are the shorter of the lease terms and the estimated useful lives of the assets:

Leasehold land	10 to 50 years
Office premises	2 to 20 years

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets (Continued)

If ownership of the leased asset is transferred to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group elected to present the right-of-use assets separately on the face of the consolidated statement of financial position.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease or, where that rate cannot be determined, the Group uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group elected to present the lease liabilities separately on the face of the consolidated statement of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).It also applies the recognition exemption for leases of assets that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on the straight-line basis over the lease term and is included in other income in profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Operating rights

Operating rights represent the rights to distribute and sell natural gas to residential, industrial and commercial consumers through pipelines in specified regions in Mainland China. They are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the respective periods of the operating rights granted to the Group, which range from 10 to 30 years.

An operating right is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant operating right.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than goodwill, financial assets, inventories and contract assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis, or, otherwise, to the smallest group of cash-generating units.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of a non-financial asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior periods. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Groups business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 *Revenue from Contracts with Customers* in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset (debt instrument) to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets (debt instruments) with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets (debt instruments) refers to how it manages its financial assets (debt instruments) in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets (debt instruments) classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets (debt instruments) classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets (debt instruments) which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

(c) ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(a) ***General approach***

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Impairment (Continued)

(a) General approach (Continued)

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

The Group considers a financial asset in default when contractual payment are past due, in general, over 1 year, based on historical pattern and credit risk management practices of the Group. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below:

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Impairment (Continued)

(b) Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are all classified, at initial recognition, as financial liabilities at amortised cost, which are recognised initially at fair value and net of directly attributable transaction costs.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows.

Subsequent measurement

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Convertible bonds

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component (conversion option).

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. On issuance of a convertible bond, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a non-current liability or a current liability, as appropriate, on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option (the equity component) that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Upon the exercise of the conversion option, the resulting ordinary shares issued are recorded by the Company as additional share capital at the nominal value of the ordinary shares issued, and the excess of the total carrying amount of the liability and equity components of the convertible bonds over the nominal value of the ordinary shares issued is recorded in the share premium account. When convertible bonds are redeemed, the carrying amount of the equity component is transferred to accumulated losses as a movement in reserves and any difference between the amount paid and the carrying amount of the liability component is recognised in profit or loss. Where the conversion option remains unexercised at the expiry date, any remaining balance of the equity component of the convertible bonds will be transferred to accumulated losses as a movement in reserves. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value, and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets under the policy set out for "Investments and other financial assets–Impairment" above. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

The Group satisfied a performance obligation and recognises revenue over time, if one of the following criteria is met:

– The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

– The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

– The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognises revenue at the point in time at which the performance obligation is satisfied.

(a) Sale of gas products and gas-related equipment

Revenue from the sale of gas products (including natural gas, CNG, LNG, fuel oil and other related oil by-products) and gas-related equipment is recognised at the point in time when control of the asset is transferred to the customer, generally upon (i) consumption by the customer based on gas consumption derived from meter readings in respect of piped gas consumption; and (ii) delivery of the goods in respect of the sale of other gas products and gas-related equipment.

(b) Pipeline construction services

Revenue from the provision of gas connection services and pipeline design and construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the costs incurred, relative to the estimated total costs for satisfaction of the construction services.

(c) Sale of Integrated clean energy and new energy

Revenue from the sale of Integrated clean and new energy is recognised at the point in time when control of the asset is transferred to the customer, generally upon consumption by the customer based on energy consumption derived from meter readings in respect of energy consumption.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Principal versus agent

When another party is involved in providing goods to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods itself (i.e., the Group is a principal) or to arrange for those goods to be provided by the other party (i.e., the Group is an agent). The Group is a principal if it controls the specified goods before those goods are transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified goods by another party. In this case, the Group does not control the specified goods provided by another party before those goods are transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods to be provided by the other party.

Other income

Rental income is recognised on a time proportion basis over the lease terms.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Where a grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where a grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation/amortisation charge.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial option pricing model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Share-based payments (Continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. In addition, at the time when the share options are exercised, the amount previously recognised in the share option reserve will be transferred to the share premium account.

Options which are cancelled prior to their exercise date or lapse are deleted from the register of outstanding options. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to accumulated losses as a movement in reserves.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Defined contribution plans

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local governments, the assets of which are held separately from those of the Group. Contributions are made by these subsidiaries based on a percentage of the participating employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes. The employer contributions vest fully once made.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme in Hong Kong (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included as finance costs in profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign currencies

The Company has used RMB as the presentation currency of these financial statements, which is different from the Company's functional currency of HK$, because most of the Group's transactions are denominated and settled in RMB and the directors of the Company considered that RMB as the presentation currency would enable the shareholders and potential investors of the Company to have a clearer picture of the Group's actual financial performance and financial position. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

3. ACCOUNTING POLICIES (Continued)

3.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain Hong Kong subsidiaries are currencies other than the Renminbi. As at the end of the reporting period, the assets and liabilities of these entities are translated into Renminbi at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition date are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of certain Mainland China and overseas subsidiaries are translated into Hong Kong dollars at the exchange rates prevailing at the dates of the cash flows. Frequently recurring cash flows of these subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Impairment of goodwill and operating rights

The Group is required to perform impairment test for (i) goodwill at least on an annual basis; and (ii) operating rights when an indication of impairment exists. Impairment test requires an estimation of the recoverable amount of the relevant cash-generating units of the Group to which the goodwill and operating rights are allocated or attributed. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and operating rights as at 31 December 2024 were RMB659,908,000 (2023: RMB659,908,000) and RMB319,505,000 (2023: RMB337,034,000), respectively, details of which are set out in notes 18 and 19 to the financial statements, respectively.

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

The policy for the provision for ECLs of trade receivables, contract assets and other receivables is based on an ECL model. A considerable amount of estimation is required in assessing the available information which includes information about past events, current conditions and forecast future economic conditions to estimate the ECL. The carrying amounts of trade receivables, contract assets and other receivables (other than prepayments) carried as assets in the consolidated statement of financial position as at 31 December 2024 were RMB73,452,000 (2023: RMB78,610,000), RMB44,089,000 (2023: RMB26,945,000) and RMB213,561,000 (2023: RMB288,767,000), respectively, further details of which are set out in notes 24, 25, and 26 to the financial statements, respectively.

Impairment of property, plant and equipment, investment properties and right-of-use assets

The carrying amounts of property, plant and equipment, investment properties and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying amounts may not be recoverable in accordance with the accounting policy as disclosed in note 3.4 to the financial statements. The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use, and calculations of which involve the use of estimates. In estimating the recoverable amounts of these assets, various assumptions, including future cash flows to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments.

During the year, the Group commenced the business engaging in development and operation of integrated clean energy and new energy along with the acquisition of the relevant assets of Beiqijia Business Park Energy Center project, and it is considered as a new operating and reportable segment.

Operating segments have been changed during the year to reflect the Group's realignment of operations. Comparative figures have been restated to conform to current year's presentation.

Particulars of the Group's reportable operating segments are summarised as follows:

(a) City gas operation segment engages in the distribution and sale of natural gas to residential, industrial and commercial consumers through pipelines, the sale of gas-related equipment and the provision of pipeline construction services and related value-added services such as repair and maintenance services. Share of results of an associate, which is engaged in the provision of port facilities for vessels and re-gasification of LNG, is also included in this segment;

(b) Trading and distribution of natural gas segment trades and distributes of CNG, LNG, fuel oil and other related oil by-products as a wholesaler to industrial and commercial users, and direct LNG supply to industrial users through direct supply facilities; and

(c) Development and operation of integrated clean energy and new energy segment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss) for the year. The segment profit/(loss) is measured consistently with the Group's profit before tax except that certain other income and gains, finance costs, reversal of impairment of unallocated assets, as well as certain corporate expenses are excluded from such measurement.

5. OPERATING SEGMENT INFORMATION (Continued)

Segment revenue and results

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

Year ended 31 December 2024

	City gas operation RMB'000	Trading and distribution of natural gas RMB'000	Integrated clean energy and new energy business RMB'000	Total RMB'000
External segment revenue	**928,085**	**751,199**	**9,147**	**1,688,431**
Segment profit	**297,450**	**15,263**	**7,463**	**320,176**
Unallocated other income and gains, net				**20,928**
Unallocated corporate expenses				**(105,225)**
Finance costs				**(110,664)**
Impairment of unallocated assets				**(8,941)**
Profit before tax				**116,274**

Year ended 31 December 2023 (restated)

	City gas operation RMB'000	Trading and distribution of natural gas RMB'000	Integrated clean energy and new energy business RMB'000	Total RMB'000
External segment revenue	915,202	1,020,417	–	1,935,619
Segment profit/(loss)	353,948	(27,420)	–	326,528
Unallocated other income and gains, net				34,907
Unallocated corporate expenses				(87,107)
Finance costs				(173,735)
Impairment of unallocated assets				(725)
Profit before tax				99,868

5. OPERATING SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

- all assets are allocated to reportable operating segments, except that property, plant and equipment and right-of-use assets for corporate use, prepayments, equity investments at fair value through other comprehensive income, financial assets at fair value through profit of loss, restricted cash and pledged deposits, cash and cash equivalents, and other unallocated assets are not allocated to any segments;

- all liabilities are allocated to reportable operating segments, except that bank and other borrowings, convertible bond, unallocated lease liabilities, deferred tax liabilities and other unallocated liabilities are not allocated to any segments; and

- the Group has allocated goodwill to the relevant segments as segment assets.

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

Segment assets

	2024 **RMB'000**	2023 RMB'000 (Restated)
City gas operation	**3,465,342**	3,724,099
Trading and distribution of natural gas	**349,445**	398,209
Integrated clean energy and new energy business	**97,451**	–
Corporate and unallocated items	**538,390**	442,123
Consolidated assets	**4,450,628**	4,564,431

Segment liabilities

	2024 **RMB'000**	2023 RMB'000 (Restated)
City gas operation	**357,660**	342,111
Trading and distribution of natural gas	**116,006**	116,513
Integrated clean energy and new energy business	**26,328**	–
Corporate and unallocated items	**2,470,479**	2,686,582
Consolidated liabilities	**2,970,473**	3,145,206

5. OPERATING SEGMENT INFORMATION (Continued)

Other segment information

	City gas operation RMB'000	Trading and distribution of natural gas RMB'000	Integrated clean energy and new energy business RMB'000	Unallocated RMB'000	Consolidated RMB'000
31 December 2024					
Additions to non-current assets (excluding goodwill)(note (a))	**1,303**	**145**	**40,662**	**–**	**42,110**
Depreciation of property, plant and equipment	**41,986**	**5,370**	**3,151**	**–**	**50,507**
Depreciation of investment properties	**3,241**	**–**	**–**	**–**	**3,241**
Depreciation of right-of-use assets	**3,900**	**167**	**–**	**2,706**	**6,773**
Amortisation of operating rights	**17,529**	**–**	**–**	**–**	**17,529**
Investments in joint ventures	**18,084**	**–**	**–**	**–**	**18,084**
Investments in associates	**1,932,413**	**–**	**42,617**	**–**	**1,975,030**
Share of loss of joint ventures	**(14)**	**–**	**–**	**–**	**(14)**
Share of profit of associates	**298,934**	**–**	**3,372**	**–**	**302,306**
Impairment/(reversal of impairment) of assets (note (b))	**484**	**(1,452)**	**–**	**42,970**	**42,002**
31 December 2023 (Restated)					
Additions to non-current assets (excluding goodwill)(note (a))	54,041	7,267	–	–	61,308
Depreciation of property, plant and equipment	56,583	12,258	–	–	68,841
Depreciation of Investment properties	3,180	–	–	–	3,180
Depreciation of right-of-use assets	6,754	167	–	896	7,817
Amortisation of operating rights	17,529	–	–	–	17,529
Investments in joint ventures	19,179	–	–	–	19,179
Investments in associates	1,796,176	–	–	–	1,796,176
Share of profits/(losses) of joint ventures	206	(129)	–	–	77
Share of profits of associates	302,250	–	–	–	302,250
Impairment/(reversal of impairment) of assets (note (b))	6,042	(646)	–	723	6,119

Notes:

(a) The amount consists of additions to property, plant and equipment, investment properties, right-of-use assets and operating rights, excluding assets from the acquisition of subsidiaries.

(b) These amounts are recognised in profit or loss and included impairment/(reversal of impairment) against property, plant and equipment, goodwill, operating rights, investments in associates, deposits paid for acquisition of subsidiaries, trade receivables and deposits and other receivables.

5. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

No geographical information is presented as more than 90% of the revenue during each of the years ended 31 December 2024 and 2023 was derived from Mainland China and more than 90% of the non-current assets of the Group (other than financial assets) as at 31 December 2024 and 2023 are located in Mainland China.

Information about major customers

During the year ended 31 December 2024, revenue of RMB191,310,000 (2023: Nil) was derived from sales to a customer of the city gas operation operating segment, which accounted for more than 10% of the Group's total revenue.

Revenue from major customers is set out below:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Customer 1	**191,310**	N/A*

* Less than 10% of the Group's total revenue.

6. REVENUE

Revenue of the Group for each of the years ended 31 December 2024 and 2023 wholly represented revenue from contracts with customers:

(a) Disaggregated revenue information

Segments	**City gas operation RMB'000**	**Trading and distribution of natural gas RMB'000**	**Integrated clean energy and new energy business RMB'000**	**Total RMB'000**
Year ended 31 December 2024				
Types of goods or services				
Sale of gas products	857,894	751,199	–	1,609,093
Pipeline construction services	68,367	–	–	68,367
Sale of gas-related equipment	1,824	–	–	1,824
Integrated clean energy and new energy business	–	–	9,147	9,147
Total revenue from contracts with customers	928,085	751,199	9,147	1,688,431
Timing of revenue recognition				
Goods or services transferred at a point in time	859,718	751,199	9,147	1,620,064
Services transferred over time	68,367	–	–	68,367
Total revenue from contracts with customers	928,085	751,199	9,147	1,688,431

6. REVENUE (Continued)

(a) Disaggregated revenue information (Continued)

Segments	City gas operation RMB'000	Trading and distribution of natural gas RMB'000	Integrated clean energy and new energy business RMB'000	Total RMB'000
Year ended 31 December 2023 (Restated)				
Types of goods or services				
Sale of gas products	811,585	1,020,417	–	1,832,002
Pipeline construction services	98,465	–	–	98,465
Sale of gas-related equipment	5,152	–	–	5,152
Integrated clean energy and new energy business	–	–	–	–
Total revenue from contracts with customers	915,202	1,020,417	–	1,935,619
Timing of revenue recognition				
Goods or services transferred at a point in time	816,737	1,020,417	–	1,837,154
Services transferred over time	98,465	–	–	98,465
Total revenue from contracts with customers	915,202	1,020,417	–	1,935,619

Geographical markets

All the revenue from contracts with customers are derived from Mainland China for each of the years ended 31 December 2024 and 2023.

(b) Performance obligations

City gas operation

For sales of natural gas to residential, industrial and commercial users through pipelines and other related products, revenue is recognised at a point in time when the customers obtain the control of goods when the gas is supplied to and consumed by the end users. The normal credit term is 90 days upon delivery.

For pipeline construction, the Group provides gas pipeline construction services under construction contracts with its customers. Such contracts are entered into before construction of the gas pipeline begins. The Group's performance creates and enhances an asset that the customer controls as the Group performs, and therefore revenue from construction of gas pipeline is recognised over time on an input method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management of the Group consider that the input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The Group requires certain customers to provide upfront deposits before the commencement of the construction which will give rise to contract liabilities until the revenue recognised on the relevant contracts exceed the amount of the deposits received. The Group is entitled to invoice customers for gas pipeline construction services upon completion of construction works. The Group recognises contract asset for any work performed in excess of payment from customer for the same contract. Any amount previously recognised as a contract asset is reclassified to trade receivables upon completion of construction works. The Group in general allows an average credit period of 90 days to its customers.

6. REVENUE (Continued)

(b) Performance obligations (Continued)

Integrated clean energy and new energy business

For sale of integrated clean and new energy, revenue is recognised at the point in time when the energy is supplied to and consumed by the customers. The normal credit term is 30 days.

Other operations

For natural gas refueling stations for vehicles and distribution and trading of natural gas as a wholesaler to industrial and commercial users through direct supply facilities, revenue is recognised at a point in time when the customers obtain the control of goods which is when the gas refueling process has been completed and the gas has been delivered to customers' specific location, respectively. Transportation and other related activities that occurred before customers obtain control of the related products are considered as fulfilment activities.

For trading and distribution of natural gas, the Group would require advance payment before the delivery of the natural gas for certain customers, and any shortage against the periodically actual delivery of natural gas will be billed by the Group accordingly. The normal credit term for trading and distribution of natural gas is 90 days upon delivery.

For natural gas refueling stations, customers are required to purchase an oil card and top up the advance payment stored in the card for future supply of natural gas by the Group. The Group requires advance payment before the supply of natural gas through oil card. For any shortage in value stored in the oil card, the Group grant a normal credit term of 30 days upon the issue of monthly statement of the oil card.

(c) Transaction price allocated to the remaining performance obligations for contract with customers

Performance obligations of all sale of natural gas contracts and pipeline construction contracts are expected to be satisfied with an original expected duration of one year or less. As permitted under IFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

(d) The amount of revenue recognised during the year that was included in the contact liabilities at the beginning of the reporting period are as follows:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Revenue recognised that was included in contract liabilities at the beginning of the year	**165,931**	216,534

7. OTHER INCOME AND GAINS, NET

	2024 RMB'000	2023 RMB'000 (Restated)
Other income		
Bank interest income	**2,264**	2,927
Rental income	**2,331**	3,026
Government subsidies and grants^	**16,564**	34,271
Others	**33,673**	29,538
	54,832	69,762
Gains, net		
Fair value loss of financial assets at fair value through profit or loss	**–**	(33)
Other income and gains, net	**54,832**	69,729

^ Amounts mainly represented government subsidies received by a subsidiary of the Group, which engages in city gas operation, during prior and current years from a local government in the PRC to alleviate the negative impact of the increase in gas purchase price on its financial performance and cash flows as a result of the fact that the subsidiary is not able to increase the gas selling price, which is regulated by the local government.

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000 (Restated)
Interest expense on bank loans	**56,167**	75,781
Interest expense on other loans	**733**	1,474
Interest expense on a convertible bond and corporate bonds	**36,740**	55,461
Interest expense on loans from the holding companies	**16,157**	40,062
Interest expense on lease liabilities	**867**	957
	110,664	173,735

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived after charging/(crediting):

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
Cost of inventories sold		**1,543,307**	1,773,749
Cost of services provided		**16,070**	16,069
Depreciation of property, plant and equipment	15	**50,507**	68,841
Depreciation of investment properties	16	**3,241**	3,180
Depreciation of right-of-use assets	17(a)	**6,773**	7,817
Amortisation of operating rights*	19	**17,529**	17,529
Lease payments not included in the measurement of lease liabilities		**9,000**	1,029
Auditor's remuneration		**3,286**	3,600
Employee benefit expense (including directors' emoluments (note 10)):			
Salaries, bonuses and other benefits		**63,232**	67,731
Contribution to defined contribution plans		**8,985**	10,433
		72,217	78,164
Loss on deregistration of subsidiaries		**–**	741
Loss on disposal of items of property, plant and equipments		**–**	790
Loss on dissolution of associates		**1,081**	–
Loss on termination of a lease		**–**	777
Fair value loss of financial assets at fair value through profit or loss		**40**	30
Impairment loss/(reversal of impairment) on financial assets, net:			
Trade receivables	24(b)	**11,727**	(2,115)
Deposits and other receivables	26(b)	**25,410**	(8,604)
		37,137	(10,719)
Impairment of property, plant and equipment&	15	**4,865**	16,838
Foreign exchange differences, net&		**(23,234)**	2,747
Reversal of provision for litigations&	34	**–**	(44,200)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**334**	201

* The amortisation of operating rights is included in "Cost of sales" on the face of the consolidated statement of profit or loss and other comprehensive income.

& These items are included in "Other expenses, net" on the face of the consolidated statement of profit or loss and other comprehensive income.

10. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
		(Restated)
Fees	**330**	324
Other emoluments:		
Salaries and allowances	**3,714**	3,090
Discretionary bonuses	**89**	89
Contribution to defined contribution plans	**665**	613
	4,468	3,792
	4,798	4,116

10. DIRECTORS' REMUNERATION (Continued)

An analysis of the directors' remuneration, on a named basis, is as follows:

Year ended 31 December 2024

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Contribution to defined contribution plans RMB'000	Total RMB'000
Executive directors					
Mr. Li Weiqi *(Chairman of the Board)*	–	1,090	–	238	1,328
Mr. Wu Haipeng *(Chief Executive Officer)*	–	862	–	227	1,089
Mr. Li Xianning[(4)] *(Chief Financial Officer)*	–	689	–	184	873
Mr. Yeung Shek Hin	–	1,073	89	16	1,178
	–	3,714	89	665	4,468
Non-executive directors					
Mr. Shao Dan [(2),(6)]	–	–	–	–	–
Mr. Gao Ping [(1),(6)]	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Cui Yulei	110	–	–	–	110
Ms. Hsu Wai Man Helen	110	–	–	–	110
Mr. Xu Jianwen	110	–	–	–	110
	330	–	–	–	330
	330	3,714	89	665	4,798

10. DIRECTORS' REMUNERATION (Continued)

An analysis of the directors' remuneration, on a named basis, is as follows: (continued)

Year ended 31 December 2023 (Restated)

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Contribution to defined contribution plans RMB'000	Total RMB'000
Executive directors					
Mr. Li Weiqi *(Chairman of the Board)*	–	739	–	208	947
Mr. Wu Haipeng *(Chief Executive Officer)*	–	593	–	193	786
Mr. Li Xianning(4) *(Chief Financial Officer)*	–	98	–	27	125
Mr. Yeung Shek Hin	–	1,066	89	16	1,171
Mr. Chen Ning(3)	–	594	–	169	763
	–	3,090	89	613	3,792
Non-executive directors					
Mr. Zhi Xiaoye (5), (6)	–	–	–	–	–
Mr. Shao Dan (2), (6)	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors					
Mr. Cui Yulei	108	–	–	–	108
Ms. Hsu Wai Man Helen	108	–	–	–	108
Mr. Xu Jianwen	108	–	–	–	108
	324	–	–	–	324
	324	3,090	89	613	4,116

10. DIRECTORS' REMUNERATION (Continued)

Notes:

(1) Mr. Gao Ping was appointed as a non-executive director of the Company with effect from 28 October 2024.

(2) Mr. Shao Dan resigned as a non-executive director of the Company with effect from 28 October 2024.

(3) Mr. Chen Ning resigned as an executive director of the Company with effect from 22 September 2023.

(4) Mr. Li Xianning was appointed as an executive director of the Company with effect from 3 November 2023.

(5) Mr. Zhi Xiaoye resigned as a non-executive director of the Company with effect from 20 December 2023.

(6) Other than Mr. Zhi Xiaoye and Mr. Shao Dan who waived their remuneration from the Company for the year ended 31 December 2023, and Mr. Shao Dan and Mr. Gao Ping who waived their remuneration from the Company for the year ended 31 December 2024, there was no agreement under which a director waived or agreed to waive any remuneration during these years.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three (2023: two) directors, details of whose remuneration are set out in note 10 to the financial statements. Details of the remuneration for the year of the two (2023: three) non-director highest paid employees are as follows:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Salaries and other benefits	**2,081**	2,928
Performance related bonuses	**173**	171
Contribution to defined contribution plans	**33**	79
	2,287	3,178

The remuneration of each of these non-director highest paid employees for the years ended 31 December 2024 and 2023 fell within the band of HK$1,000,001 to HK$1,500,000.

During the years ended 31 December 2024 and 2023, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office and there was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any remuneration during these years.

12. INCOME TAX

	2024 RMB'000	2023 RMB'000 (Restated)
Current – Mainland China		
Charge for the year	**15,573**	11,310
Withholding tax on the distribution of dividend from a PRC subsidiary	**20,649**	–
Deferred (note 35)	**(4,893)**	(3,817)
Total tax expense for the year	**31,329**	7,493

Notes:

(a) No provision for Hong Kong profits tax has been made for the year ended 31 December 2024 as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil).

The income tax provisions in respect of operations in Mainland China are calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

(b) A reconciliation of the income tax expense applicable to profit before tax at the statutory tax rate of the PRC in which majority of the Group's operations are conducted to the income tax expense at the Group's effective tax rate is as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Profit before tax	**116,274**	99,868
Income tax expense at the PRC statutory tax rate of 25% (2023: 25%)	**29,069**	24,971
Tax effect of expenses not deductible for tax purpose	**39,253**	34,214
Tax effect of income not subject to tax	**(16,864)**	(23,969)
Tax losses not recognised	**55,444**	47,858
Tax effect of share of results of joint ventures and associates	**(75,573)**	(75,581)
Income tax expense at the Group's effective tax rate	**31,329**	7,493

13. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount was based on the profit for the year attributable to shareholders of the Company of RMB85,066,000 (2023: RMB82,161,000), and the weighted average number of ordinary shares of 22,736,114,715 (2023: 22,736,114,715) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for each of the years ended 31 December 2024 and 2023 for a dilution as the convertible bond of the Company outstanding during these years had no dilutive effect on the basic earnings per share amounts presented.

14. DIVIDENDS

The board of directors did not recommend the payment of a dividend for each of the years ended 31 December 2024 and 2023.

15. PROPERTY, PLANT AND EQUIPMENT

31 December 2024

	Note	Buildings RMB'000	Leasehold Improvements RMB'000	Gas pipelines RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024:									
Cost		107,148	2,682	525,525	229,832	8,548	12,317	94,882	980,934
Accumulated depreciation and impairment		(61,303)	(2,674)	(225,117)	(138,222)	(6,622)	(5,415)	(38,528)	(477,881)
Net carrying amount		45,845	8	300,408	91,610	1,926	6,902	56,354	503,053
Net carrying amount:									
At 1 January 2024		45,845	8	300,408	91,610	1,926	6,902	56,354	503,053
Additions		3,291	-	12,943	2,482	2,646	859	18,569	40,790
Depreciation provided during the year		(4,473)	-	(14,934)	(28,258)	(1,648)	(1,194)	-	(50,507)
Impairment recognised during the year	20(b)	(1,736)	-	(556)	(956)	(13)	-	(1,604)	(4,865)
Disposals		(1,636)	(6)	(1,288)	(2,135)	(994)	(1,528)	(1,308)	(8,895)
Transfer		2,858	-	2,219	10,639	-	-	(15,716)	-
At 31 December 2024		44,149	2	298,792	73,382	1,917	5,039	56,295	479,576
At 31 December 2024:									
Cost		111,661	2,676	539,399	240,818	10,200	11,648	96,427	995,254
Accumulated depreciation and impairment		(67,512)	(2,674)	(240,607)	(167,436)	(8,283)	(6,609)	(40,132)	(515,678)
Net carrying amount		44,149	2	298,792	73,382	1,917	5,039	56,295	479,576

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

31 December 2023 (Restated)

	Note	Buildings RMB'000	Leasehold Improvements RMB'000	Gas pipelines RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023:									
Cost		96,349	2,682	524,277	179,873	5,333	12,778	123,317	944,609
Accumulated depreciation and impairment		(50,248)	(2,667)	(190,431)	(104,468)	(4,814)	(4,647)	(34,927)	(392,202)
Net carrying amount		46,101	15	333,846	75,405	519	8,131	88,390	552,407
Net carrying amount:									
At 1 January 2023		46,101	15	333,846	75,405	519	8,131	88,390	552,407
Additions		–	–	1,107	10,417	3,395	–	29,062	43,981
Depreciation provided during the year		(6,332)	(7)	(27,589)	(32,337)	(1,808)	(768)	–	(68,841)
Impairment recognised during the year	20(b)	(4,723)	–	(7,097)	(1,417)	–	–	(3,601)	(16,838)
Disposals		(3,796)	–	(1,516)	(962)	(180)	(461)	(741)	(7,656)
Transfers		14,595	–	1,657	40,504	–	–	(56,756)	–
At 31 December 2023		45,845	8	300,408	91,610	1,926	6,902	56,354	503,053
At 31 December 2023:									
Cost		107,148	2,682	525,525	229,832	8,548	12,317	94,882	980,934
Accumulated depreciation and impairment		(61,303)	(2,674)	(225,117)	(138,222)	(6,622)	(5,415)	(38,528)	(477,881)
Net carrying amount		45,845	8	300,408	91,610	1,926	6,902	56,354	503,053

Notes:

(a) At 31 December 2024, certain buildings and gas pipelines of the Group with a total carrying amount of RMB10,784,000 (2023: RMB73,813,000) were pledged as security for bank and other loans of RMB24,000,000 (2023: RMB47,275,000) (note 32(b)(iv)).

(b) Certain of the Group's entities engaged in the operation of natural gas refueling stations and direct supply of LNG to industrial users have been loss-making for some time, and this situation constituted impairment indicators of the non-current assets including property, plant and equipment and right-of-use assets attributable to the relevant cash-generating units. Accordingly, the Group carried out an impairment testing of these assets as at 31 December 2024 and 2023 in accordance with IAS 36 *Impairment of Assets*. In this connection, the Company had engaged an external specialist to assess the value in use of the non-current assets of relevant cash-generating units by using the discounted cash flow method, details of which are set out in note 20 to the financial statements.

16. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000 (Restated)
At 1 January:		
Cost	**67,034**	67,034
Accumulated depreciation	**(5,609)**	(2,429)
Net carrying amount	**61,425**	64,605
Net carrying amount:		
At 1 January	**61,425**	64,605
Additions	**1,282**	–
Depreciation provided during the year	**(3,241)**	(3,180)
At 31 December	**59,466**	61,425
At 31 December:		
Cost	**68,316**	67,034
Accumulated depreciation	**(8,850)**	(5,609)
Net carrying amount	**59,466**	61,425

Notes:

(a) At 31 December 2024, an investment property of the Group with carrying amount of RMB23,032,000 (2023: RMB24,269,000) was pledged as security for a bank loan of RMB7,100,000 (2023: RMB7,200,000) (note 32(b)(i)).

(b) The total fair value of the Group's investment properties as at 31 December 2024 amounted to RMB70,072,000 (2023: RMB65,535,000), with reference to a valuation performed by CHFT Advisory and Appraisal Limited, an independent professionally qualified valuer.

17. LEASES

(a) The Group as a lessee

The Group has lease arrangements as a lessee for various office premises with lease periods ranging from 2 to 20 years. In addition, lump sum payments were made upfront to acquire certain leasehold land in Mainland China from the owners with lease periods ranging from 10 to 50 years, and no ongoing payments will be made under the terms of these land leases.

Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. No long-term lease contracts have extension and termination options.

17. LEASES (Continued)

(a) The Group as a lessee (Continued)

Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office premises RMB'000	Leasehold land RMB'000	Total RMB'000
At 1 January 2023 (Restated)	13,160	21,784	34,944
Additions	17,327	–	17,327
Termination of a lease	(3,484)	–	(3,484)
Depreciation provided during the year	(6,862)	(955)	(7,817)
Exchange realignment	114	–	114
At 31 December 2023 (Restated) and 1 January 2024	**20,255**	**20,829**	**41,084**
Additions	**38**	**–**	**38**
Disposal of subsidiaries	**(1,321)**	**–**	**(1,321)**
Depreciation provided during the year	**(5,818)**	**(955)**	**(6,773)**
Exchange realignment	**12**	**–**	**12**
At 31 December 2024	**13,166**	**19,874**	**33,040**

Lease liabilities

The carrying amount of the Group's lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
At 1 January	**21,160**	13,151
New leases	**38**	17,327
Accretion of interest recognised during the year	**867**	957
Disposal of subsidiaries	**(1,321)**	–
Termination of a lease	**–**	(2,707)
Payments	**(7,025)**	(7,649)
Exchange realignment	**63**	81
At 31 December	**13,782**	21,160
Portion classified as current liabilities	**(3,697)**	(5,920)
Non-current portion	**10,085**	15,240

The maturity analysis of lease liabilities is disclosed in note 45 to the financial statements.

17. LEASES (Continued)

(a) The Group as a lessee (Continued)

Other lease information

The amounts recognised in profit or loss in relation to leases are as follows:

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
Interest expense on lease liabilities	8	**867**	957
Depreciation of right-of-use assets	9	**6,773**	7,817
Loss on termination of a lease	9	**–**	777
Expense relating to short-term leases (included in administrative expenses)	9	**9,000**	1,029
Total amount recognised in profit or loss		**16,640**	10,580

The total cash outflow for leases is disclosed in note 39 to the financial statements.

(b) The Group as a lessor

The Group leases certain of its plant and equipment in the PRC under operating lease arrangements. The terms of the leases generally require the customers to provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB2,331,000 (2023: RMB3,026,000), details of which are included in note 7 to the financial statements.

The undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its customers are as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Within one year	**1,976**	2,426
After one year but within two years	**1,876**	101
After two years but within five years	**1,050**	–
	4,902	2,527

18. GOODWILL

	2024 RMB'000	2023 RMB'000 (Restated)
At 1 January and 31 December:		
Cost	**1,394,907**	1,394,907
Accumulated impairment	**(734,999)**	(734,999)
Net carrying amount	**659,908**	659,908

The Group tests for impairment of goodwill annually, or more frequently if there are indications that goodwill might be impaired. Particulars regarding impairment testing of goodwill are disclosed in note 20 to the financial statements.

19. OPERATING RIGHTS

	2024 RMB'000	2023 RMB'000 (Restated)
At 1 January:		
Cost	**816,008**	845,944
Accumulated amortisation and impairment	**(478,974)**	(488,921)
Net carrying amount	**337,034**	357,023
Net carrying amount:		
At 1 January	**337,034**	357,023
Amortisation provided during the year	**(17,529)**	(17,529)
Deregistration of a subsidiary	**–**	(2,460)
At 31 December	**319,505**	337,034
At 31 December:		
Cost	**816,008**	816,008
Accumulated amortisation and impairment	**(496,503)**	(478,974)
Net carrying amount	**319,505**	337,034

(a) Operating rights of the Group related to city gas operations in the PRC and are amortised on the straight-line method over periods ranging from 10 to 30 years pursuant to the terms of the operating rights granted. Particulars regarding impairment testing of operating rights are disclosed in note 20 to the financial statements.

(b) At 31 December 2024, future revenue from the city gas operation of a subsidiary of the Group under an operating right which had a then net carrying amount of RMB276,814,000 (2023: RMB288,049,000) was pledged to a bank for certain bank loans granted to the Group (note 32b(i)).

20. IMPAIRMENT TESTING OF NON-CURRENT ASSETS OF CERTAIN OPERATIONS

The management considers that each subsidiary represents a separate cash-generating unit for the purpose of impairment testing of goodwill, operating rights and other non-current non-financial assets. The recoverable amount of each cash-generating unit has been determined by reference to a business valuation performed by an external specialist based on a value-in-use calculation using a cash flow projection which is based on a financial forecast approved by senior management covering a period of five years and based on the assumption that the operation can generate cash flows perpetually. The discount rates applied to the cash flow projections ranged from 8.7% to 11.4% (2023: 10.2% to 12.8%), which is determined by reference to the average rate for a similar industry and the business risk of the relevant cash-generating unit. A growth rate of 2.2% (2023: 2.2%) is applied after the forecast period.

Key assumptions used in estimations of the recoverable amounts

The following describes each key assumption adopted by management in the preparation of the cash flow projections for the purpose of impairment testing of goodwill, operating rights and other non-current non-financial assets:

- ***Budgeted revenue***
  - In respect of the revenue from the city gas operation segment, the budgeted revenue is based on the projected gas distribution volume and pipeline connection projects, and the latest gas selling price and connection fee.
  - In respect of the revenue from the trading and distribution of natural gas, direct supply of LNG to industrial users and natural gas refueling station operation, the budgeted revenue is based on the projected distribution quantity, and the latest selling price.
- ***Budgeted gross margins***
  - The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, having adjusted for expected efficiency improvements, and expected market development.
- ***Discount rates***
  - The discount rates used are after tax and reflect specific risks of the respective segments.
  - The pre-tax discount rates applied in the cash flow projections ranged from 13.65% to 15.54% (2023: 11.05% to 13.36%).
- ***Business environment***
  - There have been no major changes in the existing political, legal and economic conditions in Mainland China.

20. IMPAIRMENT TESTING OF NON-CURRENT ASSETS OF CERTAIN OPERATIONS (Continued)

Key assumptions used in estimations of the recoverable amounts (Continued)

- ***Distribution of gas business in Jilin Province***

  吉林浩源燃氣有限公司 ("Jilin Haoyuan") and Songyuan Beijing Gas Blue Sky, both being subsidiaries of the Group, are engaging in gas distribution business in Jilin Province, the PRC. In 2017, the underground gas pipeline of Jilin Haoyuan was damaged due to illegal underground construction by a third party, during which an explosion occurred (the "Accident"). Following the Accident, the gas operating permit of Jilin Haoyuan was not renewed by the relevant local authorities. With the consent of the local authorities, in 2019, Jilin Haoyuan entered into an entrusted operation agreement with Songyuan Beijing Gas Blue Sky pursuant to which Songyuan Beijing Gas Blue Sky will continue with the operation of Jilin Haoyuan and such arrangement is subject to approval by the local authorities annually. For impairment assessment purpose, the management assumes that the relevant business will be continued uninterrupted.

(a) Goodwill and operating rights

The carrying amounts of the Group's goodwill and operating rights are allocated to the following cash-generating units for impairment tests purpose:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Goodwill		
OctoNet Limited and August Zone Limited ("OctoNet and August Zone")	**85,909**	85,909
Top Grand	**311,229**	311,229
Rainbow Leap Limited	**128,853**	128,853
BJ Gas Tengxian	**133,917**	133,917
	659,908	659,908

20. IMPAIRMENT TESTING OF NON-CURRENT ASSETS OF CERTAIN OPERATIONS (Continued)

Key assumptions used in estimations of the recoverable amounts (Continued)

(a) Goodwill and operating rights (Continued)

	2024 RMB'000	2023 RMB'000 (Restated)
Operating rights		
OctoNet and August Zone	**12,562**	14,864
Top Grand	**30,129**	35,662
BJ Gas Tengxian	**276,814**	286,508
	319,505	337,034

Based on the results of the impairment testing of goodwill and operating rights, in the opinion of the directors of the Company, no further impairment provision was considered necessary for each of the years ended 31 December 2024 and 2023.

(b) Property, plant and equipment and right-of-use assets of certain loss-making operations

In respect of the loss-making operations, the directors had estimated the recoverable amounts (which is the value-in-use of the non-current assets of these operations) for the purpose of impairment testing as mentioned above.

Based on the recoverable amount assessment of the cash-generating units of these operations, impairment losses of RMB4,865,000 (2023: RMB16,839,000) in total against the property, plant and equipment attributable to the direct supply to industrial users and natural gas refueling stations segments were considered necessary which were recognised as "Other expenses, net" in profit or loss during the year ended 31 December 2024.

21. INVESTMENTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000 (Restated)
Share of net assets	**18,084**	19,179
Goodwill on acquisition	**125,866**	125,866
	143,950	145,045
Impairment of goodwill on acquisition	**(125,866)**	(125,866)
	18,084	19,179

In the opinion of the Company's directors, the joint ventures of the Group are not individually material.

22. INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000 (Restated)
Share of net assets	**1,989,847**	1,810,993
Goodwill on acquisition	**116,485**	116,485
	2,106,332	1,927,478
Impairment	**(131,302)**	(131,302)
	1,975,030	1,796,176

Notes:

(a) Particulars of a material associate of the Group, which is indirectly held by the Company, are as follows:

			Percentage of			
Company name	Place of incorporation and operation	Paid-up capital	Ownership interest attributable to the Group	Voting power	Profit sharing	Principal activities
中石油京唐液化天然氣有限公司 ("PetroChina Jingtang")	The PRC/ Mainland China	RMB3,150,000,000	29%	29%	29%	Provision of port facilities for vessels, receiving, storage and re-gasification of LNG

The above table lists the associate of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

22. INVESTMENTS IN ASSOCIATES (Continued)

Notes: (Continued)

(b) Material associate disclosures

The following table illustrates the summarised financial information of PetroChina Jingtang, which has been adjusted to reflect the fair values of identifiable assets and liabilities at the completion date of acquisition acquired by the Group, and reconciled to the carrying amount in the consolidated financial statements:

	PetroChina Jingtang	
	2024	2023
	RMB'000	RMB'000
		(Restated)
Current assets	**3,308,560**	3,230,402
Non-current assets	**3,548,026**	3,739,536
Current liabilities	**(304,171)**	(856,473)
Non-current liabilities	**(8,522)**	(381)
Net assets	**6,543,893**	6,113,084
Reconciliation to the Group's investment in the associate		
Proportion of the Group's ownership	**29%**	29%
Group's share of net assets of the associate	**1,897,729**	1,772,794
Carrying amount of the investment	**1,897,729**	1,772,794
Other disclosures		
Revenues	**2,022,693**	2,116,482
Profit for the year	**1,030,809**	1,057,943
Profit for the year attributable to shareholders of the associate	**1,030,809**	1,057,943
Share of the associate's profit for the year	**298,934**	306,803
Dividend received or receivable by the Group	**174,000**	174,000

(c) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Share of the associates' profit/(loss) for the year	**3,372**	(4,553)
Share of net assets of the associates, net of impairment	**77,301**	23,382

23. INVENTORIES

	2024	2023
	RMB'000	RMB'000
		(Restated)
Construction materials	**2,030**	5,274
LNG and other consumables	**10,793**	11,728
	12,823	17,002

24. TRADE RECEIVABLES

	2024	2023
	RMB'000	RMB'000
		(Restated)
Trade receivables	**203,652**	217,983
Impairment (note (b))	**(130,200)**	(139,373)
	73,452	78,610

Notes:

(a) The Group's trading terms with its customers are mainly on credit and each customer has a maximum credit limit. The various group companies have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The credit period granted to customers is generally one month to three months details of which are included in note 6(b) to the financial statements. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivables.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Unbilled portion and billed within 3 months	**32,716**	30,576
Billed:		
4 to 6 months	**3,647**	2,127
7 to 12 months	**19,591**	18,451
Over 1 year	**17,498**	27,456
	73,452	78,610

24. TRADE RECEIVABLES (Continued)

Notes: (Continued)

(b) The movements in the impairment of trade receivables during the year are as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
At 1 January	**139,373**	153,623
Impairment/(reversal of impairment) recognised in the year, net	**11,727**	(2,115)
Amount written off as uncollectible	**(20,900)**	(12,135)
At 31 December	**130,200**	139,373

Individual assessment is performed on certain receivables with aggregate gross amount of RMB96,093,000 (2023: RMB119,559,000) before accumulated impairment of RMB89,962,000 (2023: RMB109,869,000), and impairment of RMB993,000 (2023: RMB2,320,000) was recognised during the year.

For the amounts after impairment recognised based on individual assessment, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on invoice dates for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At 31 December 2024

	Ageing based on invoice date				
	Unbilled and within 3 months	**4 to 6 months**	**7 to 12 months**	**Over 1 year**	**Total**
Expected credit loss rate	**0.1%**	**0.3%**	**0.7%**	**62.0%**	
Gross carrying amount (RMB'000)	**34,844**	**3,657**	**4,522**	**64,536**	**107,559**
Expected credit losses (RMB'000)	**55**	**10**	**32**	**40,141**	**40,238**

At 31 December 2023 (Restated)

	Ageing based on invoice date				
	Unbilled and within 3 months	4 to 6 months	7 to 12 months	Over 1 year	Total
Expected credit loss rate	0.9%	0.8%	1.5%	62.0%	
Gross carrying amount (RMB'000)	31,895	1,612	18,212	46,665	98,384
Expected credit losses (RMB'000)	287	12	273	28,932	29,504

25. CONTRACT ASSETS

Details the Group's of contract assets are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)	1 January 2023 RMB'000 (Restated)
Contract assets arising from pipeline construction services	**44,089**	26,945	37,812

Contract assets related to revenue earned from the provision of pipeline construction services for which the right to the receipt of consideration for work performed remains conditional on successful completion of the construction services. The increase in contract assets in 2024 was the result of the increase in the provision of construction services close to the end of the year. The decrease in contract assets in 2023 was the result of the decrease in the provision of construction services close to the end of the year.

Based on historical data and management's analysis, the loss on collection was not material and hence no provision for ECL against the contract assets as at 31 December 2024 was considered necessary (2023: Nil).

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**2024 RMB'000**	2023 RMB'000 (Restated)
Prepayments		**131,912**	128,995
Loan and bond receivables		**320,333**	343,727
Deposits and other receivables	(a)	**423,098**	511,478
Deposits paid for acquisition of subsidiaries		**853,191**	834,960
		1,728,534	1,819,160
Impairment	(b)	**(1,383,061)**	(1,401,398)
		345,473	417,762
Portion classified as current assets		**(336,116)**	(416,329)
Non-current portion		**9,357**	1,433

Notes:

(a) Other receivables as at 31 December 2024 included advances of RMB32,596,000 (2023: RMB30,539,000) in total provided to a non-controlling equity holder of a subsidiary of the Group. The balance is unsecured, interest-free and repayable on demand.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) The movements in the impairment of loan and bond receivables, other receivables and deposits paid for acquisition of subsidiaries during the year are as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
At 1 January	**1,401,398**	1,388,711
Impairment/(reversal of impairment) recognised during the year, net	**25,410**	(8,604)
Amount written off as uncollectible	**(70,357)**	(15,147)
Exchange realignment	**26,610**	36,438
At 31 December	**1,383,061**	1,401,398

Individual assessment is performed on certain receivables with an aggregate gross amount of RMB1,366,380,000 (2023: RMB1,401,573,000) before accumulated impairment of RMB1,366,380,000 (2023: RMB1,385,522,000), and an impairment of RMB19,700,000 (2023: a reversal of impairment of RMB14,958,000) was recognised in profit or loss during the year.

In respect of impairment assessment of the Group's other receivables (other than those based on individual assessment), an impairment analysis is performed at each reporting date using the probability of default approach to measure expected credit losses. The probabilities of default rates are estimated based on comparable companies with published credit ratings. At 31 December 2024, the probabilities of default applied for other receivables ranged from 0.09% to 27.02% (2023: 0.06% to 27.53%) and the loss given default was estimated to be 62% (2023: 62%).

27. DUE FROM/TO JOINT VENTURES, ASSOCIATES AND RELATED PARTIES

The balances with joint ventures, associates and related parties are unsecured, interest free, and are repayable on demand.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000 (Restated)
Listed equity securities	**42**	82

29. RESTRICTED CASH AND PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000 (Restated)
Cash and bank balances	**362,715**	372,059
Less: Restricted cash and pledged deposits (note (b))	**(2,387)**	(8,351)
Cash and cash equivalents	**360,328**	363,708

Notes:

(a) At 31 December 2024, the cash and bank balances of the Group denominated in RMB amounted to RMB326,473,000 (2023: RMB267,462,000). The RMB is not freely convertible into other currencies, however, under Mainland China Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

(b) Restricted cash and pledged deposits as at the end of the reporting period placed in restricted bank accounts, which can only be used to settle certain bills payable of the Group.

30. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Billed:		
Within 3 months	**31,609**	27,678
4 to 6 months	**11,412**	11,670
7 to 12 months	**7,255**	20,869
Over 1 year	**51,952**	38,224
	102,228	98,441
Unbilled	**5,210**	17,822
	107,438	116,263

31. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000 (Restated)
Accruals	**31,091**	25,952
Other liabilities	**158,603**	184,820
Construction cost payables	**3,853**	4,550
Contract liabilities (note)	**126,651**	165,931
	320,198	381,253
Portion classified as current liabilities	**(320,164)**	(381,253)
Non-current portion	**34**	–

Note: Details the Group's of contract liabilities are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)	1 January 2023 RMB'000 (Restated)
Short-term advances received from customers in respect of:			
Sale of natural gas	**62,066**	119,320	172,393
Pipeline construction contracts	**64,585**	46,611	44,141
Total contract liabilities	**126,651**	165,931	216,534

Contract liabilities include short-term advances received from customers in respect of sale of natural gas and pipeline construction contracts. The decrease in contract liabilities in 2024 and 2023 was mainly due to the decrease in short-term advances received from customers in respect of sale of natural gas at the end of that year.

32. BANK AND OTHER BORROWINGS

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
Bank loans:			
Secured	b(i)	**77,279**	21,300
Unsecured		**1,326,140**	1,283,579
		1,403,419	1,304,879
Corporate bonds, unsecured		**–**	4,531
Loan from the holding companies, secured	b(ii)	**639,197**	674,688
Loan from a fellow subsidiary, unsecured	b(iii)	**–**	181,245
Other loans, secured	b(iv)	**–**	47,274
		2,042,616	2,212,617
Portion classified as current liabilities		**(2,039,511)**	(1,500,610)
Non-current portion		**3,105**	712,007

Notes:

(a) The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000 (Restated)
HK$	**–**	1,597,246
RMB	**2,042,616**	615,371
Total bank and other borrowings	**2,042,616**	2,212,617

(b) (i) The secured bank loans as at 31 December 2024 and 2023 were secured by an investment property with carrying amount of RMB23,032,000 (2023: RMB24,269,000) (note 16(a)) and future revenue generated from the city gas operation of a subsidiary of the Group under an operating right which had a net carrying amount of RMB276,814,000 (2023: RMB288,049,000) as at 31 December 2024 (note 19(b)).

(ii) The loan from the immediate holding company as at 31 December 2023 was a loan advanced to the Group from Beijing Gas HK pursuant to a facility agreement dated 26 September 2022 entered into between the two parties with a total loan facility of HK$700,000,000, which was fully utilised as at 31 December 2022. The loan from the immediate holding company is secured by 20.92% equity interest of BGJTCL (as defined in note 1), bears interest at HIBOR+2% per annum and was settled during the year ended 31 December 2024.

32. BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(b) (ii) (Continued)

On 14 December 2023, the Company entered into a number of agreements with Beijing Gas Group Company Limited ("Beijing Gas Group", an intermediate holding company), Beijing Gas HK and Beijing Gas JingTang Company Limited (a wholly owned subsidiary of the Group and the holding company ("BGJTCL")), pursuant to which Beijing Gas Group provided the Company with a term loan facility in an aggregate amount of HK$700,000,000 (equivalent of RMB637,448,000), which was fully utilised in January 2024 to early repay the above-mentioned loan from Beijing Gas HK. The term loan facility from the intermediate holding company is secured by 20.92% equity interest in BGJTCL, bears interest at 2.27% per annum and has a maturity date of 31 December 2025.

The above loan arrangements with the intermediate holding company and the immediate holding company constitute connected transactions under Chapter 14A of the Listing Rules and further details of which are set out in the Company's circular dated 31 October 2022 and the Company's announcement dated 14 December 2023.

(iii) The loan from a fellow subsidiary as at 31 December 2023 was a loan from 北京控股集團財務有限公司 ("BE Finance", a fellow subsidiary established in the PRC as an authorised financial institution). The loan was unsecured, bears interest at HIBOR-0.86% per annum. The loan arrangement with the fellow subsidiary constitutes a connected transaction under Chapter 14A of the Listing Rules.

(iv) The bank and other loans amounted to RMB24,000,000 as at 31 December 2024 (2023: RMB47,275,000) were secured by certain buildings and gas pipelines of the Group with a total carrying amount of approximately RMB10,784,000 (2023: RMB73,813,000) as at that date (note 15(a)).

(c) The ranges of effective interest rates (which are also equal to contractual interest rates) on the Group's bank and other borrowings are as follows:

	2024 **%**	2023 % (Restated)
Effective interest rate:		
Fixed-rate bank loans	**0.35-7.02**	0.40-4.65
Variable-rate bank loans	**–**	6.16-7.26
Fixed-rate other loans	**2.27**	2.30-5.83
Variable-rate other loans	**–**	7.36

33. CONVERTIBLE BOND

On 28 December 2022, pursuant to a subscription agreement dated 26 September 2022 (the "Convertible Bond Subscription Agreement") entered into between the Company, as the issuer, and a then major shareholder, Beijing Gas HK, as the subscriber, a convertible bond of the Company with an aggregate principal amount of HK$300,000,000 (equivalent to RMB268,921,000) was issued to Beijing Gas HK. The convertible bond is secured by 8.37% equity interest of a wholly-owned subsidiary of the Group, bears interest at HIBOR plus 1.8% per annum and has a maturity date of 28 December 2025, which may be further extended by 3 months by agreement in writing between the Company and the bondholder. Beijing Gas HK, the bondholder shall have the right to convert all or part of the convertible bond into ordinary shares of the Company at an initial conversion price of HK$0.118 per share. The subscription of the convertible bond by Beijing Gas HK constitutes a connected transaction under Chapter 14A of the Listing Rules and further details of which are set out in the Company circular dated 31 October 2022.

A summary of the movements in the principal amount, liability and equity components of the Group's convertible bond during the year is as follows:

	RMB'000
Liability component	
At 1 January 2023 (Restated)	**207,912**
Interest expense	**16,675**
Imputed interest expense	**17,624**
Exchange realignment	**6,426**
At 31 December 2023 (Restated) and 1 January 2024	**248,637**
Interest expense	**17,318**
Imputed interest expense	**19,351**
Exchange realignment	**5,962**
At 31 December 2024	**291,268**
Equity component	
At 1 January 2023 (Restated), 31 December 2023 (Restated), 1 January 2024 and 31 December 2024	**54,814**

The carrying amount of the liability component of the convertible bond approximated to its fair value as at 31 December 2024 and 2023.

34. PROVISION FOR LITIGATIONS

During the year ended 31 December 2022, the Group involved in two litigations (the "Litigations") under which certain claims were made by two claimants against Benxi Liaoyou New Era Co., Ltd ("Benxi Liaoyou", a 90% indirectly-held subsidiary of the Company) as one of the defendants, in connection with a finance lease arrangement (the "Finance Lease") entered into between a third party (the "Lessor") as the lessor, and Benxi Liaoyou together with a company in which the non-controlling equity holder of Benxi Liaoyou (the "Benxi Liaoyou MI") has beneficial interests (the "Leased Assets User") as the lessees in December 2016. Benxi Liaoyou and the Leased Assets User are collectively referred to as the "Lessees".

In accordance with the Finance Lease, the Lessor shall acquire certain liquefied natural gas equipment (the "Leased Assets") and then lease the same to the Lessees for a term of 72 months from 15 December 2017. The total amount of the lease payments under the Finance Lease is approximately RMB201.7 million. The obligations of the Lessees under the Finance Lease are secured and guaranteed by, amongst others, the following (the "Securities").

a) a security deposit from the Lessees of RMB10.8 million;

b) an assignment of trade receivable from a public-private partnership project provided by Benxi Liaoyou in favour of the Lessor; and

c) guarantees and share pledges given by other defendants in favour of the Lessor.

A company (the "First Litigation Claimant") filed a statement of claim with a court in Mainland China in February 2022 against, amongst others, the Lessees, alleging that the Lessor acquired the leased assets under another finance lease arrangement between it as the lessor and the Lessor as the lessee and the Lessor failed to fulfil its payment obligations under this finance lease arrangement since December 2021 (the "First Litigation"). In January 2022, the First Litigation Claimant thus commenced a litigation via subrogation.

On the other hand, the Lessor filed a statement of claim with another court in Mainland China in March 2022 against, amongst others, the Lessees, alleging that the Lessees made late instalment payments under the Finance Lease starting from September 2018 and failed to make full instalment payments thereunder since December 2019 (the "Second Litigation").

Based on the then latest information available to the Group in the preparation of the consolidated financial statements of the Company for the year ended 31 December 2022, the total claims relating to Benxi Liaoyou under the First Litigation and the Second Litigation amounted to RMB80 million and RMB222 million, respectively, and where applicable, plus additional damages accruing from 12 February 2022.

In addition, both the First Litigation Claimant and the Lessor also sought the enforcement of the Securities. According to an order issued by the Court on 15 February 2022, certain assets held by the defendants (i.e., including Benxi Liaoyou) have been frozen by the Court. At 31 December 2022, the carrying amount of the frozen assets owned by Benxi Liaoyou amounted to RMB7 million, which included cash at bank of RMB1.9 million and trade receivables of RMB1 million.

34. PROVISION FOR LITIGATIONS (Continued)

Assessment of financial impacts by the management

The Group had engaged PRC legal advisors to handle the Litigations and from the evidence provided by the claimants to the courts and other information gathered by the Group, the board of directors suspects that the Benxi Liaoyuo MI had procured the entry into the Finance Lease by Benxi Liaoyuo without approval of the then board of Benxi Liaoyou or the Company. Also, despite that the Finance Lease was entered into by both Benxi Liaoyou and the Leased Assets User, the leased assets appeared to be used by the Leased Assets User only and the amounts advanced under the Finance Lease were directly paid to parties who are not related to Benxi Liaoyou and appeared to have business relationship with the Leased Assets User.

Since the Lessees were not ultimately controlled by the same party, the PRC legal advisor is of the view that the Leased Assets User may be deemed by the courts to be the actual lessee and Benxi Liaoyou may be deemed as the guarantor under the Finance Lease. However, the legality of the guarantee and the pledge of the Securities provided by Benxi Liaoyou under the Finance Lease may be subject to challenge by the courts as further evidence may be required to prove that (i) the guarantee and pledge had been properly and genuinely approved by the board of Benxi Liaoyou as required by its memorandum of Association; and (ii) the Lessor had inspected the approval documents before entering into the lease contract according to the PRC law.

In assessing the financial impact of the Litigations on the Group's consolidated financial statements for the year ended 31 December 2022, the Group engaged an external valuer to estimate the potential liability of the Group under the Litigations as at 31 December 2022. When performing the estimation, the external valuer had taken into certain factors, including: (i) the possible amount that could be recovered by the Lessor from the Leased Assets User as the actual lessee under the Finance Lease; and (ii) the possible outcome of the court judgement in accordance with the opinion of the legal advisor engaged by the Group.

On 19 April 2023 and 27 November 2023, the claimants withdrawed their claims under the First Litigation and the Second Litigation, respectively. Accordingly, the provision for litigations of RMB38,709,000 in respect of the Litigations was fully reversed in profit or loss during the year ended 31 December 2023.

35. DEFERRED TAX

Deferred tax liabilities

Deferred tax liabilities at the end of each reporting period arose from fair value adjustments of intangible assets upon acquisition of subsidiaries. The movements in the Group's deferred tax liabilities during the year are as follows:

	Note	**2024** **RMB'000**	2023 RMB'000 (Restated)
At 1 January		**90,611**	95,120
Deferred tax credited to profit or loss	12	**(4,893)**	(3,817)
Deregistration of a subsidiary		**–**	(692)
At 31 December		**85,718**	90,611

Unrecognised deferred tax

(a) At 31 December 2024, deferred tax assets have not been recognised in respect of unused tax losses of approximately RMB380 million (2023: RMB345 million) as they have been arisen in the Company and certain subsidiaries that have been loss-making for some time and it is not probable that taxable profits will be available against which such tax losses can be utilised. Out of this amount, tax losses of RMB30 million (2023: RMB33 million) will expire in one to five years.

(b) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends declared by those subsidiaries, joint ventures and associates established in Mainland China. Deferred tax has not been fully recognised for withholding taxes that would be payable on certain portions of the unremitted earnings that are subject to withholding taxes of certain of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute these unremitted earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investments in subsidiaries, joint ventures and associates in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB1,275 million (2023: RMB1,451 million) as at 31 December 2024.

36. SHARE CAPITAL

	2024 HK$'000	2023 HK$'000
Authorised:		
91,000,000,000 ordinary shares of HK$0.055 each	**5,005,000**	5,005,000
Issued and fully paid:		
22,736,114,715 ordinary shares of HK$0.055 each	**1,250,486**	1,250,486
Equivalent to RMB'000	**1,063,051**	1,063,051

There was no movement in the Company's issued capital and share premium amount during the years ended 31 December 2024 and 2023.

37. RESERVES

(a) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(b) Share premium account represents the excess of the net proceeds or consideration from issuance of the Company's shares over their par value. The application of the share premium account is governed by Section 46(2) of the Companies Act 1981 of Bermuda (as amended).

(c) Investment revaluation reserve comprises the accumulated gains and losses arising on the change in fair value of financial assets at fair value through other comprehensive income that have been recognised in other comprehensive income, gains and losses on equity investments are never recycled to profit or loss.

(d) Merger reserve arose from the restructuring exercise and represents the difference between the nominal value of the Company shares issued in exchange for the equity interests of the subsidiaries acquired as at 26 March 2007 and the then consolidated net assets of these subsidiaries.

(e) Other reserves comprise PRC reserve funds which amounted to RMB81,514,000 (2023: RMB82,891,000) as at 31 December 2024. As stipulated by the relevant laws and regulations for enterprises incorporated/established in the PRC, the Group's subsidiaries in the Mainland China are required to maintain certain statutory reserves. The statutory reserve can be used to make up for losses, expand the existing operation and convert to additional capital.

(f) Exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations into presentation currency of these financial statements.

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(a) 重慶賽廣博科技有限公司 and its subsidiaries (collectively referred to as the "Shanxi Group")

重慶賽廣博科技有限公司 is a 51% owned subsidiary of the Group and holds 100% equity interests in Shanxi Minsheng and Yongji Minsheng. The Shanxi Group was considered subsidiaries that have material non-controlling interests during the years ended 31 December 2024 and 2023, and summarised financial information of which is set out below:

	2024 RMB'000	2023 RMB'000 (Restated)
Consolidated profit for the year and total comprehensive income for the year allocated to the non-controlling interests	**4,312**	4,505
Dividend paid to non-controlling interest of Shanxi Group	**14,700**	27,131
Accumulated balances of the non-controlling interests at the reporting date	**23,788**	34,166

The following tables illustrate the summarised consolidated financial information of the Shanxi Group which is before any inter-company eliminations:

	2024 RMB'000	2023 RMB'000 (Restated)
Revenue	**428,148**	395,930
Total expenses	**(419,347)**	(386,737)
Profit for the year and total comprehensive income for the year	**8,801**	9,193
Current assets	**234,023**	222,054
Non-current assets	**443,580**	569,003
Current liabilities	**(150,078)**	(278,335)
Non-current liabilities	**(8,428)**	(107,000)
Net cash flows from/(used in):		
Operating activities	**7**	(31,133)
Investing activities	**(10)**	43
Financing activities	**(11,000)**	–
Net decrease in cash and cash equivalents	**(11,003)**	(31,090)

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

(b) BJ Gas Tengxian

BJ Gas Tengxian, a 51% owned subsidiary of the Group held by Sapphire Gas Company Limited was considered a subsidiary that has material non-controlling interests for each of the years ended 31 December 2024 and 2023, and summarised financial information of which is set out below:

	2024 RMB'000	2023 RMB'000 (Restated)
Profit for the year allocated to the non-controlling interests	**1,013**	9,573
Dividends paid to non-controlling interest of BJ Gas Tengxian	**18,154**	28,669
Accumulated balances of the non-controlling interests at the reporting date	**140,129**	157,270

The following tables illustrate the summarised financial information of BJ Gas Tengxian:

	2024 RMB'000	2023 RMB'000 (Restated)
Revenue	**366,566**	342,292
Total expenses	**(364,498)**	(323,422)
Profit for the year	**2,068**	18,870
Current assets	**38,887**	64,424
Non-current assets	**584,483**	612,744
Current liabilities	**(129,466)**	(123,388)
Non-current liabilities	**(74,938)**	(84,699)
Net cash flows from/(used in):		
Operating activities	**49,506**	30,084
Investing activities	**(13,731)**	(22,834)
Financing activities	**137,978**	(18,787)
Net increase/(decrease) in cash and cash equivalents	**173,753**	(11,537)

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2024 the Group had non-cash additions to right-of-use assets and lease liabilities of RMB38,000 (2023: RMB17,327,000) each in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Due to joint ventures RMB'000	Due to associates RMB'000	Bank and other borrowings RMB'000	Convertible bond RMB'000	Lease liabilities RMB'000
At 1 January 2023 (Restated)	56,177	–	2,174,301	207,912	13,151
Financing cash flow, net	(36,304)	2,430	(93,737)	–	(7,649)
Interest expenses	–	–	132,053	34,299	957
New leases	–	–	–	–	17,327
Termination of a lease	–	–	–	–	(2,707)
Exchange realignment	–	–	–	6,426	81
At 31 December 2023 (Restated) and 1 January 2024	19,873	2,430	2,212,617	248,637	21,160
Financing cash flow, net	(19,873)	(2,395)	(222,315)	–	(7,025)
Interest expenses	–	–	73,057	36,669	867
New leases	–	–	–	–	38
Disposal of subsidiaries	–	–	–	–	(1,321)
Exchange realignment	–	–	(20,743)	5,962	63
At 31 December 2024	–	35	2,042,616	291,268	13,782

(c) The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Within operating activities	**9,000**	1,144
Within financing activities	**7,025**	8,498
Total cash outflow	**16,025**	9,642

40. CAPITAL COMMITMENT

The Group had the following contractual commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000 (Restated)
Equity interest in an entity	**25,088**	–

41. CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 31 December 2024 and 2023.

42. RELATED PARTY DISCLOSURES

(a) Related party transactions

In addition to the transactions or balances with related parties as disclosed in notes 26(a), 27, 32(b)(ii), 32(b)(iii), 33, 36 and 39(b) to the financial statements, the Group entered into the following material transactions with related parties:

	Notes	**2024 RMB'000**	2023 RMB'000 (Restated)
Purchase of LNG from a fellow subsidiary	(i)	**251,821**	362,272
Commission income from a fellow subsidiary	(ii)	**–**	1,140
Immediate holding company:			
Interest expense on a convertible bond	(iii)	**36,669**	34,299
Interest expense on a loan	(iii)	**4,071**	39,920
Interest expense on a loan from the intermediate holding company	(iii)	**12,086**	–
Lease payment made to an associate of the ultimate holding company	(iv)	**2,947**	2,227

Notes:

(i) The amount represents purchase of LNG from a fellow subsidiary. The purchase price was determined by reference to the then prevailing market price.

(ii) The commission income arose from the sourcing and distribution of natural gas to a customer of a fellow subsidiary during the year ended 31 December 2023, which were arranged by the Group on behalf of the fellow subsidiary. In return, the Group received commission income of RMB1,140,000 in total from the fellow subsidiary.

(iii) The amounts represent interest expenses on a convertible bond and a loan from the immediate holding companies. The interest rates were determined by reference to the then prevailing market rate. Details of the convertible bond and the loan from the immediate holding company disclosed in notes 32(b)(ii) and 33 to the financial statements.

(iv) The Group leased an office property in the PRC from an associate of the ultimate holding company. The monthly lease payment for the property is based on terms agreed by the two parties as set out in the tenancy agreement.

As at 31 December 2023, a right-of-use asset of RMB13,352,000 and a lease liability of RMB13,352,000 in respect of the lease were recognised in the consolidated statement of financial position; and during the year, depreciation of the right-of-use asset of RMB2,653,000 (2023: RMB1,557,000) and interest expense on the lease liability of RMB428,000 (2023: RMB300,000) were charged to profit or loss.

The related party transactions in respect of item (i) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

42. RELATED PARTY DISCLOSURES (Continued)

(b) Compensation of key management personnel (including directors of the Company) of the Group

	2024 RMB'000	2023 RMB'000 (Restated)
Salaries, bonuses and other benefits	**5,108**	4,483
Contribution to defined contribution plans	**681**	630
	5,790	5,113

43. FINANCIAL INSTRUMENTS BY CATEGORY

Save certain equity investments being designated as equity investments at fair value through other comprehensive income and certain financial assets being classified as financial assets at fair value through profit or loss, all other financial assets and financial liabilities of the Group as at 31 December 2024 and 2023 were classified as financial assets and financial liabilities at amortised cost.

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, trade receivables, balances with joint ventures, associates and related parties, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, current portion of bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
At 31 December 2024				
Financial assets at fair value through profit or loss	–	–	42	42
Equity investments at fair value through other comprehensive income	100	–	–	100
Total	100	–	42	142
At 31 December 2023 (Restated)				
Financial assets at fair value through profit or loss	–	–	82	82
Equity investments at fair value through other comprehensive income	426	–	–	426
Total	426	–	82	508

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 fair value measurement (2023: Nil).

The fair values of the non-current portion of financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for bank and other borrowings as at 31 December 2024 were assessed to be insignificant.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments include trade and other receivables, amounts due from joint ventures, associates, related parties, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, cash and bank balances, trade and other payables, bank and other borrowings, convertible bond, amounts due to associates and joint ventures and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities excluding intra-group balances at the reporting date are as follows:

	Assets		Liabilities	
	2024 RMB'000	2023 RMB'000 (Restated)	**2024 RMB'000**	2023 RMB'000 (Restated)
HK$	**18,440**	17,042	**4,531**	454,835

Sensitivity analysis

The Group's foreign currency risk mainly related to exchange rate of RMB against HK$. The sensitivity analysis includes only outstanding monetary items which are denominated in RMB and adjusts its translation at the end of the reporting date for a 5% change in HK$: RMB exchange rate, respectively. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The analysis below illustrates the impact for a 5% strengthening of the functional currency of the relevant group entities against RMB and a positive number below indicates an increase in post-tax results, respectively. For a 5% weakening of the functional currency of the relevant group entities against RMB, there would be an equal and opposite impact on the results.

	Increase/(decrease) in post-tax profits	
	2024 RMB'000	2023 RMB'000 (Restated)
HK$	**580**	(18,278)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

Interest rate risk is the risk that the value and the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash and bank balances and long term debt obligations.

Banks and other borrowings, cash and short term deposits are stated at amortised cost and not revalued. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

The following tables set out the carrying amounts, by maturity, of the Group's interest-bearing financial instruments as at the end of the reporting period that are exposed to interest rate risk:

	Carrying amount		**Effective interest rate**	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**%**	%
		(Restated)		
Floating rate:				
Cash and cash equivalents	**360,328**	363,708	**0.2-0.30**	0.2-0.88
Bank and other borrowings	**–**	2,049,462	**–**	6.16-7.36
Convertible bond	**291,268**	248,637	**6.4**	7.02
Fixed rate:				
Restricted cash and pledged Deposits	**2,387**	8,351	**N/A**	N/A
Cash and cash equivalents	**–**	–	**N/A**	N/A
Bank and other borrowings	**2,042,616**	163,155	**0.35-7.20**	0.40-5.83

At 31 December 2024, it was estimated that a general decrease/increase of 100 basis points in the interest rate of average balances of bank and other borrowings and bank balances during the year, with all other variables held constant, would increase/decrease the Group's profit before tax by approximately RMB690,000 (2023: RMB19,344,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the beginning of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point decrease or increase represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis was performed on the same basis for 2023.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment

The Group is exposed to credit risk arising from its operations and advances made to third parties. Credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on individual customer's past history of making payments when they fall due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Various companies have different credit policies, depending on markets and businesses in which they operate. Ageing analysis of trade receivables is prepared and closely monitored in order to minimise any material credit risk associated with the receivables. Normally, the Group does not obtain collateral from customers.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy. The amounts presented are gross carrying amounts for financial assets.

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	203,652	203,652
Contract assets	–	–	–	44,089	44,089
Due from joint ventures	59,608	–	–	–	59,608
Due from associates	87	–	–	–	87
Due from related parties	4,695	–	–	–	4,695
Financial assets included in prepayments, deposits and other receivables					
– Normal**	143,083	83,453	–	–	226,536
– Doubtful**	–	–	1,370,086	–	1,370,086
Restricted cash and pledged deposits					
– Not yet past due	2,387	–	–	–	2,387
Cash and cash equivalents					
– Not yet past due	360,328	–	–	–	360,328
	570,188	83,453	1,370,086	247,741	2,271,468

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment assessment (Continued)

Maximum exposure and year-end staging (Continued)

At 31 December 2023 (Restated)

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	217,984	217,984
Contract assets	–	–	–	26,945	26,945
Due from joint ventures	37,407	–	–	–	37,407
Due from associates	175,336	–	–	–	175,336
Due from related parties	19,556	–	–	–	19,556
Financial assets included in prepayments, deposits and other receivables					
– Normal**	107,662	201,653	–	–	309,246
– Doubtful**	–	–	1,380,919	–	1,380,919
Restricted cash and pledged deposits					
– Not yet past due	8,351	–	–	–	8,351
Cash and cash equivalents					
– Not yet past due	363,708	–	–	–	363,708
	711,951	201,653	1,380,919	244,929	2,539,452

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24(b) to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables are considered as "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered as "doubtful".

There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by cash or other financial assets.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flow.

The Group is exposed to liquidity risk in respect of settlement of trade and other payables and its financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants by reviewing each operating entity's cash flow forecast, to ensure that the Group maintains an appropriate level of liquid assets and committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term. The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

Details of the Group's liquidity consideration are disclosed in note 2 to the financial statements.

The Group has the following loans and borrowings as at the end of the reporting period:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Bank loans	**1,403,419**	1,304,879
Corporate bonds	**–**	4,531
Other loans	**639,197**	903,207
Convertible bond	**291,268**	248,637
Lease liabilities	**13,782**	21,160
	2,347,666	2,482,414
Analysed into:		
Bank loans repayable:		
On demand or within one year	**1,400,314**	1,291,494
In the second year	**3,105**	13,385
	1,403,419	1,304,879
Other borrowings repayable:		
On demand or within one year	**934,162**	215,793
In the second year	**10,085**	959,049
In the third to fifth year, inclusive	**–**	2,693
	944,247	1,177,535
	2,347,666	2,482,414

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand or within 1 year RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	More than five years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
At 31 December 2024						
Trade and bills payables	**107,438**	**–**	**–**	**–**	**107,438**	**107,438**
Other payables	**162,422**	**34**	**–**	**–**	**162,456**	**162,456**
Due to a related party	**46,626**	**–**	**–**	**–**	**46,626**	**46,626**
Due to associates	**35**	**–**	**–**	**–**	**35**	**35**
Bank and other borrowings	**2,143,997**	**3,140**	**–**	**–**	**2,147,137**	**2,042,616**
Lease liabilities	**5,411**	**8,059**	**2,458**	**75**	**16,003**	**13,782**
Convertible bonds	**330,307**	**–**	**–**	**–**	**330,307**	**291,268**
	2,796,236	**11,233**	**2,458**	**75**	**2,810,002**	**2,664,221**

	On demand or within 1 year RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	More than five years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
At 31 December 2023 (Restated)						
Trade and bills payables	116,263	–	–	–	116,263	116,263
Other payables	189,370	–	–	–	189,370	189,370
Due to joint ventures	19,873	–	–	–	19,873	19,873
Due to associates	2,430	–	–	–	2,430	2,430
Bank and other borrowings	1,536,345	757,464	3,837	–	2,297,646	2,212,617
Lease liabilities	6,379	7,384	9,948	524	24,235	21,160
Convertible bonds	–	310,037	–	–	310,037	248,637
	1,870,660	1,074,885	13,785	524	2,959,854	2,810,350

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

Depending on the market conditions and funding arrangements, if at any time, repurchase of the Company's shares will lead to an enhancement of the net asset value per share and/or earnings per share of the Group, the directors will authorise such transactions, when appropriate.

The Group monitors capital using a leverage ratio, which is total borrowings (excluding lease liabilities) divided by the total assets. Total borrowing includes total bank and other borrowings and a convertible bond. The leverage ratio as at the end of the reporting period is as follows:

	2024 **RMB'000**	2023 RMB'000 (Restated)
Total borrowings excluding lease liabilities	**2,333,884**	2,461,254
Total assets	**4,450,628**	4,564,431
Leverage ratio	**52.4%**	53.9%

46. COMPARATIVE AMOUNTS

As further detailed in note 3.1 to the financial statements, the Group changed the presentation currency of the consolidated financial statements from HK$ to RMB and the effects of which have been accounted for retrospectively with comparative figures restated as if RMB had always been the presentation currency of the consolidated financial statements.

In addition, certain comparative amounts of reportable segments (note 5) and revenue (note 6) have been restated to conform to the current year's presentation. The change in reportable segment reflects the Group's realignment of operation and comparative figures are retrospectively restated.

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000 (Restated)
NON-CURRENT ASSETS		
Investments in subsidiaries	**2,442,537**	2,306,139
Prepayments and other receivables	**–**	657
Total non-current assets	**2,442,537**	2,306,796
CURRENT ASSETS		
Other receivables	**86,100**	84,214
Due from subsidiaries	**100,417**	101,418
Due from related companies	**–**	305
Financial assets at fair value through profit or loss	**42**	82
Restricted cash and pledged deposits	**1,715**	–
Cash and cash equivalents	**31,174**	105,503
Total current assets	**219,448**	291,522
CURRENT LIABILITIES		
Other payables and accruals	**61,200**	143,957
Due to subsidiaries	**558,184**	748,707
Due to related companies	**46,626**	–
Bank and other borrowings	**1,896,337**	1,372,861
Convertible bond	**291,268**	–
Total current liabilities	**2,853,615**	2,265,525
NET CURRENT LIABILITIES	**(2,634,167)**	(1,974,003)
TOTAL ASSETS LESS CURRENT LIABILITIES	**(191,630)**	332,793
NON-CURRENT LIABILITIES		
Bank and other borrowings	**–**	674,688
Convertible bond	**–**	248,637
Total non-current liabilities	**–**	923,325
NET LIABILITIES	**(191,630)**	(590,532)
DEFICIENCY IN ASSETS		
Issued capital	**1,063,050**	1,063,050
Reserves (note)	**(1,254,680)**	(1,653,582)
Deficiency in assets	**(191,630)**	(590,532)

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: A summary of the movements in the Company's reserves is as follows:

	Share premium account RMB'000	Equity component of convertible bond RMB'000	Investment revaluation reserve RMB'000	Merger reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023 (Restated)	3,854,679	54,814	(2,580)	(41,876)	180,160	(5,515,061)	(1,469,864)
Loss for the year and total comprehensive loss for the year	–	–	–	–	–	(196,387)	(196,387)
Exchange differences on translation of the Company's financial statements (restated)	–	–	–	–	12,669	–	12,669
At 31 December 2023 (Restated) and 1 January 2024	3,854,679	54,814	(2,580)	(41,876)	192,829	(5,711,448)	(1,653,582)
Profit for the year and total comprehensive profit for the year	–	–	–	–	–	394,906	394,906
Exchange differences on translation of the Company's financial statements	–	–	–	–	3,996	–	3,996
At 31 December 2024	**3,854,679**	**54,814**	**(2,580)**	**(41,876)**	**196,825**	**(5,316,542)**	**(1,254,680)**

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2025.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2020 RMB'000 (Restated)	2021 RMB'000 (Restated)	2022 RMB'000 (Restated)	2023 RMB'000 (Restated)	**2024** **RMB'000**
Revenue	1,278,131	1,434,256	1,568,466	1,935,619	**1,688,431**
Profit/(loss) before tax	(3,486,333)	(224,148)	22,321	99,868	**116,274**
Income tax (expense)/credit	98,635	(7,054)	(10,737)	(7,493)	**(31,329)**
Profit/(loss) for the year	(3,387,698)	(231,202)	11,584	92,375	**84,945**
Attributable to:					
Shareholders of the Company	(3,307,531)	(228,582)	18,645	82,161	**85,066**
Non-controlling interests	(80,167)	(2,620)	(7,061)	10,214	**(121)**
	(3,387,698)	(231,202)	11,584	92,375	**84,945**

ASSETS AND LIABILITIES

	At 31 December				
	2020 RMB'000 (Restated)	2021 RMB'000 (Restated)	2022 RMB'000 (Restated)	2023 RMB'000 (Restated)	**2024** **RMB'000**
Total assets	4,597,564	4,293,632	4,545,779	4,564,431	**4,450,628**
Total liabilities	(3,917,029)	(3,718,826)	(3,172,474)	(3,145,206)	**(2,970,473)**
	680,535	574,806	1,373,305	1,419,225	**1,480,155**
Equity attributable to shareholders of the Company	635,590	523,872	1,164,058	1,261,883	**1,355,788**
Non-controlling interests	44,945	50,934	209,247	157,342	**124,367**
	680,535	574,806	1,373,305	1,419,225	**1,480,155**