



天津津燃公用事業股份有限公司

TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 1265



Annual Report
2024

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COMPANY INFORMATION

DIRECTORS

Executive Directors

Wang Cong (*Chairman of the Board*)
Tang Jie
Sun Liangchuan

Non-executive Directors

Zhang Jinghan
Sha Caiping
Yang Zufeng

Independent Non-executive Directors

Yu Jian Jun
Ji Xuefeng
Bai Mo

SUPERVISORS

Independent Supervisors

Liu Zhi Yuan
Bian Hong

Staff Representative Supervisors

You Hui Yan
Zhang Tingting

Shareholders' Representative Supervisor

Hao Yunhe

BOARD COMMITTEES

Audit Committee

Bai Mo (*Chairman*)
Yu Jian Jun
Ji Xuefeng

Nomination Committee

Wang Cong (*Chairman*)
Yu Jian Jun
Ji Xuefeng

Remuneration Committee

Ji Xuefeng (*Chairman*)
Sha Caiping
Bai Mo

COMPANY SECRETARY

Lau Kwok Yin

AUTHORISED REPRESENTATIVES

Sun Liangchuan
Lau Kwok Yin

COMPANY INFORMATION (continued)

LEGAL ADDRESS

Weishan Road
Chang Qing Science, Industry and Trade Park
Jinnan District, Tianjin, PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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HONG KONG LEGAL ADVISER

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SHARE REGISTRAR

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PRINCIPAL BANKER

Agricultural Bank of China
Tianjin He Xi Sub-branch
PRC

STOCK CODE

The Stock Exchange of Hong Kong Limited: 01265

As of the date of this annual report

FINANCIAL SUMMARY

Below are certain selected financial data of Tianjin Jinran Public Utilities Company Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 31 December 2024 (the “Reporting Period” or “Year”)/ as of the end of the Year:

	2024	2023
	RMB'000	RMB'000
Revenue	1,595,300	1,780,527
Operating loss	(48,902)	(164,862)
Net loss attributable to shareholders of the Parent	(46,329)	(155,173)
Equity attributable to shareholders of the Parent	1,384,347	1,430,673
Total assets	2,030,748	2,177,399
	2024	2023
	RMB	RMB
Loss per share (RMB/share)	(0.025)	(0.084)

CHAIRMAN'S STATEMENT

To all the shareholders (the “Shareholders”),

The year of 2024 marked a crucial year for Tianjin Jinran Public Utilities Company Limited (the “Company”) to vigorously pursue the high-quality development goals outlined in the “14th Five-Year Plan”. Being both realistic and innovative, the Company is focused on its core business, on improving on protecting the living standard, coordinating safety production with economic operation. The Company has intensified its corporate reforms, and steadily promoted various work tasks and objectives. The Board and the management team of the Company pragmatically carried out work in promoting reform and development, standardizing business management, and strengthening the construction of the Board, all of which have achieved positive results. The Company not only prudently promoted the annual renovation project of the aged pipeline network and the indoor hazard remediation enhancement projects, but also vigorously promoted market development and improved quality services of integrated energy and integrated services projects. Moreover, the Company continuously strengthened safety management and improved the corporate governance structure, in a bid to effectively transform governance effectiveness into development momentum. All employees of the Company tackled difficulties and sought progress while maintaining stability, with an aim to focus on promoting the high-quality development of the Company.

In 2024, the Company insisted on compliance guidance and strengthened the development of the Board with focuses on coordination and planning to refine the top-level structure. The Company continued to promote the construction of a compliance system through strengthening risk management and enhancing ability to operate in compliance with the rule of law. In addition, the Company improved internal control management and performed Environmental, Social and Governance (“ESG”) responsibilities to strengthen its corporate social responsibility. The Board diligently performed its duties and responsibilities and fully leveraged its scientific decision-making function to implement its various duties and responsibilities.

Despite the strategic opportunity that the cyclical economic pressure tended to soften in 2024, the Company faced persistent challenges in upgrading of indoor facilities and improving quality and efficiency of safety examination service. Focusing on implementing transformation to make breakthroughs while reshaping values, the Board will continue to practice new concepts of development, create mechanisms, stimulate vitality and seek for strategies in order to take the lead in opening new landscape during the process of expediting the building of new development landscape.

CHAIRMAN'S STATEMENT (continued)

Firstly, the Company will deepen reform on systems and mechanisms and establish an institutional system featuring standard management process, clear rights and responsibilities, and high operational efficiency. It will also optimize the corporate governance coordination mechanism through the system efficiency dividend, and build a new governance pattern with scientific decision-making, efficient implementation and strong supervision. Secondly, the Company will focus on the principal business, forging a dual engine of market competition. It will strive to maintain the existing market while capturing the incremental market by consolidating the basics through the customer-centered operation and the security guarantee system to develop new customers. Thirdly, the Company will develop new value growth poles, explore user needs, focus on promoting integrated services and integrated energy business to fully nurture new vitality for enterprise development. Fourthly, the Company will set a new example of ESG governance, and constantly develop a governance system integrating environmental, social governance and sustainable development. Fifthly, the Company will consolidate legal compliance operation, deepen integrity compliance construction, and build a risk prevention and control system of “integration of business and law”.

The Company will continue to value both principles and innovation, and be both responsible and practical, and will work hard to fully achieve its annual goal for 2025.

APPRECIATION

I would like to take this opportunity to thank the shareholders, customers and business partners for their continuing support, and the Group's staff for their diligence and contribution. With our team of high quality and professional staff, and I look forward to a more rewarding 2025 for the shareholders.

Wang Cong

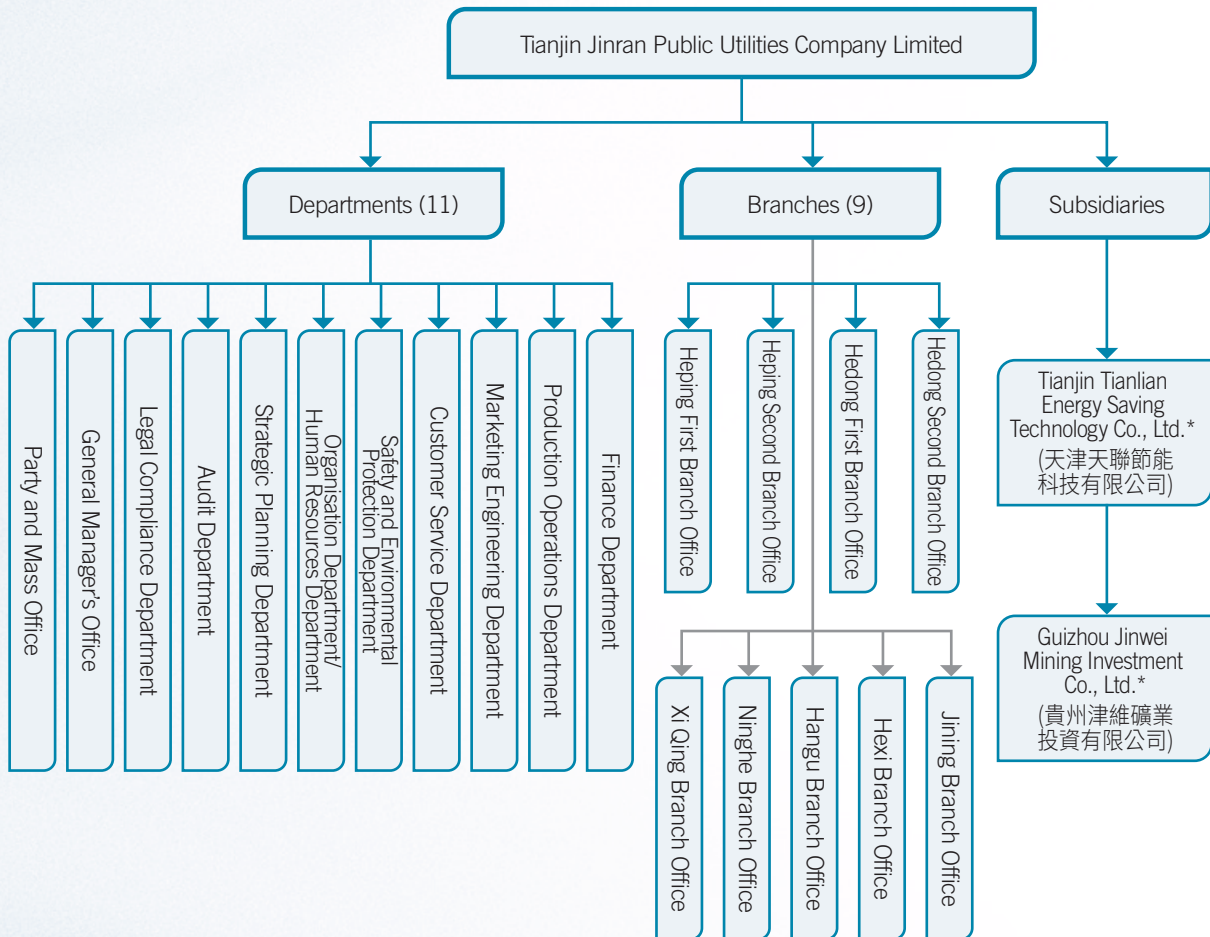
Chairman of the Board

China, 28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT STRUCTURE

The Group's management structure, which facilitates the Group's constant expansion and improvement, is summarised as follows:



Certain Chinese names of institutions, natural persons or other entities have been translated into English and included in this annual report as unofficial translations for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

Certain figures in this annual report have been subject to rounding adjustments.

This annual report contains forward-looking statements that reflect the Company's beliefs, plans or expectations about the future. These statements are based on a number of assumptions, current estimates and projections, and are therefore subject to inherent risks, uncertainties and other factors which may or may not be beyond the Company's control. The actual outcomes may differ materially and/or adversely. Nothing contained in these statements is, or shall be, relied upon as any assurance or representation as to the future or as a representation or warranty otherwise. Neither the Company nor its directors, supervisors, officers, employees, agents, affiliates, advisers or representatives assume any responsibility to update, supplement or correct these statements or to adapt them to future events or developments.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW

Overview

The Company endeavours in promoting the Group's sustainable development by enhancing the Group's revenue-earning potential through promotion of value-added services to existing customers and looking for new markets, and by enhancing the Group's expenses management through optimizing the cost efficiency and streamlining daily operations of the Group in the Reporting Period.

Principal Risks and Uncertainties

The Group's performance and business operation are affected by China's urban gas industry. Principal risks affecting the Group are summarised as follows:

Natural gas is one of the main sources of China's urban gas and its import dependence is increasing. As a result, China's urban gas supply is faced with considerable international Geo-Political Risk. Gas source development and transportation is highly monopolised. Although China has eased admission policy of the pipeline network, such situation will remain in short-term and therefore the industry will face considerable risk of insufficient gas supply. Due to the dislocation of gas source and market, China's natural gas industry is faced with considerable security risk in pipeline transport. Gas purchase price of gas manufacturers and suppliers in China is regulated by the National Development and Reform Commission (NDRC) and is facing policy risk in respect of occasional changes in the gas pricing mechanism. Gas consumption in the winter months increase due to its seasonal features, and thus China's gas enterprises are faced with the risk of gas undersupply. Global economic uncertainties, upgrading geopolitical conflicts and other issues remain the potential causes of global energy price fluctuation, thus China's urban gas operators will face gas purchase cost fluctuation.

The Group recognised the instability in the global economy and financial markets, which might impact exchange rates and the value of financial assets of the Group. Having considered that it might not be prudent to subscribe for financial products in view of the potential material impact brought by the instability in the global economy and financial markets, the Group did not subscribe for financial products in the year ended 31 December 2024. The Group may resume the subscription of financial products in 2025 should it determine that the risks and uncertainties arising from the instability in the global economy and financial markets are widely accepted by the market.

Key Relationships

Employees, suppliers and customers have a significant impact on the Group and its success. The Group places importance on maintaining good relationship with them.

(i) Employees

Human resources are one of the Group's greatest assets. The Group highly emphasizes the employees' personal development, and endeavours to continue to be an attractive employer.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. The Group provides pre-job and on-the-job training and development opportunities to its staff. The training programs cover areas such as managerial skills, sales and procurement, customer services, safety inspections, workplace ethics and training of other areas relevant to the gas industry. In addition, the Group seriously considers all those valuable feedbacks from its employees for enhancing workplace productivity and harmony.

Generally, a salary review is conducted annually. The Group makes contributions towards pensions, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for its employees in accordance with the applicable laws and regulations of the PRC. The Group also provides housing provident fund contributions as required by local regulations in the PRC.

(ii) Suppliers

The Group has developed long-standing relationships with a number of its suppliers and strives to ensure that they share the Group's commitment to quality and ethics. The Group carefully selects its suppliers and requires them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, products qualities and quality control effectiveness. The Group also requires its suppliers to comply with the Group's anti-bribery policy.

(iii) Customers

The Group is committed to maintain and develop its diversified client portfolio consisting of industrial parks, large scale enterprises and residential users. The Group maximises client value by offering professional services and effective operation model to intensify the interaction and viscosity between the Group and its customers, so as to enhances their user experience.

Environmental Policies

The Group is committed to building an environmentally-friendly working environment that pays close attention to conserving natural resources. The Group strives to minimise the environmental impact by saving electricity and encouraging recycle of office supplies and other materials. The Group also requires its suppliers to operate in strict compliance with the relevant environmental regulations and rules in the PRC.

As a leader in the clean energy development and supply industry, the Group has also devoted itself to social and environmental agendas and undertook various eco-protection responsibilities. The Group is committed to reduce energy industry's impact on the environment by developing and providing clean energy, which can also satisfy clients who want to meet their social and environmental responsibilities.

More information about the Group's environmental policies is available at the Company's 2024 ESG Report.

Compliance with Laws and Regulations

The Group's operations are mainly carried out in the PRC while the H shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Group's operations accordingly shall comply with relevant laws and regulations in the PRC and Hong Kong, including the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Company Law of the PRC and the Regulation on the Administration of Urban Gas (《城镇燃气管理条例》). During the Year, as far as the Board and management are concerned, the Group has complied in all material aspects with the relevant laws and regulations which have significant impact on its business and operation.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Strategy and Future Business Developments

In 2025, the Board will strive to bring vitality and innovation to the Company by deepening the promotion of value thinking way and efficiency-oriented concept, as well as enhancing corporate governance in compliance with law so as to take the Company's operation to a new level.

The Board will continue to focus on its principal business, and actively develop its piped gas business through maintaining the existing market while developing new customers. The Group will also actively optimize gas source structure and lower gas sourcing cost. At the same time the Group continues to build and implement a system of integrity, transparency and compliance, strengthening investors' confidence, safeguarding shareholders' return, improving the environmental, social and governance management of the Group, focusing on good communication with shareholders and investors, and nurturing the corporate culture of strict code of conduct.

The Company will continue to focus on a balanced development of its natural gas business, and at the same time putting more efforts to tap into the pipeline gas market through participating in the natural gas pipeline network projects in the local PRC cities by merger or acquisition. It will carry on the survey, evaluation, negotiations of the existing projects and work hard to realise the business goals. The Company will keep on enhancing its financial control to reduce the operation cost and to maximise revenue from its existing operating projects. In addition, the Company will keep improving its corporate governance as a listed company through regular meetings according to the relevant rules of procedures concerning the general meeting of Shareholders, meeting of Directors and meeting of supervisors, so as to achieve the function of the governance structure; and keep up talents training and recruiting for smooth operation and development of its business while spreading a positive corporate culture and enhancing its management expertise.

Please also refer to the paragraph headed "Prospects" below.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

A separate ESG report for 2024 has been published on the websites of the Company (www.jinrangongyong.com) and the Stock Exchange (www.hkexnews.hk).

FINANCIAL REVIEW

For the Reporting Period, the Group recorded revenue of approximately RMB1,595,300,000 (for the year ended 31 December 2023 (the "Previous Year"): RMB1,780,527,000), representing a decrease of approximately 10.40% from the Previous Year. The gross profit margin for the Reporting Period was loss of approximately 2.05% (Previous Year: loss of 4.02%). The loss before tax for the Reporting Period was approximately RMB47,727,000 (Previous Year: loss before tax of RMB165,460,000). Such decrease was mainly because the provision for impairment of fixed assets for the Previous Year (Previous Year: RMB86,914,000) did not recur for the Reporting Period. Excluding the above effect of impairment, the improvement in operation was due to, among others, the decline in the gas sourcing price of the Company resulting from the decline in the gas sourcing price of the upstream gas source entity as impacted by the declining global natural gas price.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

SEGMENTAL INFORMATION ANALYSIS

During the Reporting Period, the Group has continued to implement its formulated development strategies to provide piped gas connections to the users in the Group's operational locations in Tianjin City and Jining District, Wulanchabu City, Inner Mongolia Autonomous Region. Sales of piped gas is the major source of income for the Group in the Reporting Period, followed by gas connection and others.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2024, total equity attributable to shareholders of the Company amounted to approximately RMB1,384,347,000 (31 December 2023: RMB1,430,673,000). The Company's registered capital was RMB183,930,780 as at 31 December 2024 (with 1,839,307,800 ordinary shares with a nominal value of RMB0.1 each (the "Shares") in issue, comprising 1,339,247,800 domestic shares and 500,060,000 H shares).

The Group is generally funded by equity financing.

As at 31 December 2024, the Group did not have any bank borrowings (31 December 2023: Nil). As at 31 December 2024, the Group's consolidated net current assets was approximately RMB412,695,000 (31 December 2023: RMB431,655,000), including cash and cash equivalent of approximately RMB694,790,000 (31 December 2023: RMB789,473,000) which was principally denominated in Renminbi.

The Group mostly uses Renminbi in its ordinary business operation. It had not used any financial instrument for currency hedging purposes, as it considers that its exposure to fluctuations in exchange rates in its ordinary business operation is minimal. During the Reporting Period, the Group did not employ any major financial instruments for hedging purposes.

The Group's gearing ratio (total liabilities to total asset ratio) as at 31 December 2024 was approximately 0.32 (31 December 2023: approximately 0.34).

SIGNIFICANT INVESTMENTS

The paragraph headed "Treasury Policy" below sets out more information about the Company's policy on investment and application of idle fund (if any).

The Group did not hold any significant investments for the Reporting Period (Previous Year: Nil).

MATERIAL ACQUISITION AND DISPOSAL, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the Reporting Period, there had been no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

As of 31 December 2024 and the date of this annual report, the Group had no specific plan for material investments or capital assets that have been approved by the Board.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2024, none of the Group's assets was pledged as security for liability.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities or guarantees (31 December 2023: Nil).

TREASURY POLICY

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. The Company may also use its idle funds (if any) to place deposit or to purchase bank deposit products, provided that (among other things) it would not affect the Company's normal operation, would be conducted in compliance with the Listing Rules, the Company's articles of association and other laws and regulations, and within the limit as the Board may authorize the Company's general manager from time to time.

STAFF AND EMOLUMENT POLICY

As at 31 December 2024, the Group had a workforce of 562 full-time employees (31 December 2023: 615). Total staff costs for the Reporting Period was approximately RMB112,299,000 (Previous Year: RMB128,952,000).

Emoluments of employees are determined in line with common practice of the industry as well as individual performance. In addition to regular salaries, the Group also pays discretionary bonus to eligible employees subject to the Group's operating results and individual performance of the employees. The Group also makes contributions to medical welfare and retirement funds as well as other benefits to all employees.

The Group provides pre-job and on-the-job training and development opportunities to its staff, which cover areas such as managerial skills, sales and procurement, customer services, safety inspections, workplace ethics and training of other areas relevant to the gas industry.

The employees employed by the Group are members of the state-managed defined contribution plan operated by the PRC government. The Group is required to contribute a certain percentage of their payroll to the defined contribution plan to fund the contributions. The only obligation of the Group with respect to the defined contribution plan is to make the required contributions under the plan. For the years ended 31 December 2023 and 2024, there were no forfeited contributions under the defined contribution plan which may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 to the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

PROSPECTS

The China's Long-Range Objectives Through Year 2035 (2035年遠景目標) envisages that China's carbon emission will be stabilized and decreased, implying a trend of using cleaner energy source. Also, China's 14th Five-Year Plan proposes to enhance the reserves and productivity (增儲上產) of oil and natural gas in the future, while also speeding up the construction of natural gas pipeline, perfecting the grid network for oil and natural gas. The Group expects that the PRC natural gas sector and natural gas consumption will benefit from the above and experience persistent growth. The Group may be particularly benefited from such growth as the 14th Five-Year Development Plan also emphasizes that Beijing, Tianjin and Hebei shall jointly prevent and control (京津冀協同防控) air pollution and use of clean energy for heating will be promoted in northern China. Together with policies such as the Plan of Action for the Prevention of Air Pollution (《大氣污染防治行動計劃》), the Detailed Rules for Implementation of the Action Plans for the Prevention and Control of Air Pollution in the Beijing-Tianjin-Hebei Region and the Surrounding Regions (《京津冀及周邊地區落實大氣污染防治行動計劃實施細則》), and the Plan for Strengthening the Prevention and Control of Atmospheric Pollution in Energy Industry (《能源行業加強大氣污染防治工作方案》), the Group remains optimistic about the PRC gas sector as a whole and that natural gas will remain as a preferred energy source in the PRC.

Natural gas is expected to become a main fuel of urban residents. In respect of the industrial field, the progress of substituting natural gas as industrial fuel will be fully accelerated, especially in Bohai Bay Rim area, where coal-burning boilers will be substituted, and traditional industries, such as iron, steel and ceramics etc., will be upgraded so as to manage air pollution, and central and western regions where the industrial structure of traditional industries will be transferred to. As such, the natural gas consumption in industrial field will be promoted. In respect of natural gas power generation, natural gas peak power stations will be orderly developed and natural gas distributed energy development will be the priority in air pollution control districts such as Beijing, Tianjin, Hebei and Shandong, Yangtze River Delta and the Pearl River Delta. Looking ahead, based on the analysis in respect of external environment and inner abilities as well as resources, the Company is positioned as a clean energy integrated solution provider, aiming to maximise returns for its shareholders. The Company plans to expand in the following areas:

- on the premise of ensuring the strategic direction and business needs, lay emphasis on five principles, which are strategic orientation, economical efficiency, financing matching, risk prevention and prioritization, to achieve continuing growth of net cash flows;
- continue to improve the financial management system, with a view to reduce operating costs, and maximise the benefits from project operations;

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

- continue to strengthen the support of scientific and technological innovation to the businesses of the Company, enhance the introduction and development of advanced technologies, as well as apply such advanced technologies to production management and internal management;
- continue to improve the operations management system and mechanism, with emphasis on operation security, optimise management methods and means and promote the pre-control safety management, so as to ensure safe operation; and
- continue to strengthen the talent team construction, drive management change with strategic change, expand existing businesses with incremental business and inspire employees with entrepreneurial teams, so as to contribute a chain reaction to the corporation.

The Company will continue to (i) focus on the principal business, prioritize market expansion and maintain the existing market while capturing the incremental market by continuously optimizing and consolidating the basics through the customer-centered operation and the security guarantee system to develop new customers; (ii) proactively optimize the gas source structure to reduce gas sourcing costs; (iii) improve internal management and reduce administrative expenses; (iv) develop new value growth poles, explore user needs, focus on promoting integrated services and integrated energy business to fully nurture new vitality for enterprise development.

DIVIDENDS

No dividends were declared or proposed during the Reporting Period. The Board does not recommend a distribution of dividend for the Reporting Period (Previous Year: Nil).

SIGNIFICANT EVENTS DURING THE YEAR

Change of auditors

KPMG Huazhen LLP retired as the Company's independent auditor with effect from the conclusion of annual general meeting held on 27 June 2024 ("**2023 AGM**") upon expiration of its term of appointment and in accordance with the requirement of the Company's articles of association. The Company conducted a selection process of auditors with respect to the Reporting Period. Through such selection process, and with the recommendation of the audit committee of the Company and the approval of the shareholders of the Company at the 2023 AGM, Wuyige Certified Public Accountants LLP has been appointed as the new independent auditor of the Company for the Reporting Period. More information is set out in the Company's circular dated 5 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Change of composition of the Board of Directors and Supervisory Committee

The following changes of Directors and supervisors of the Company (the “**Supervisor(s)**”) took place during the Reporting Period:

- (1) With effect from 19 February 2024, Mr. Wang Cong has become the Chairman of the Board, an executive Director, and the Chairman of the nomination committee of the Company, in place of Mr. Chen Tao (whose resignation became effective on the same date as he would like to devote his time on his other work engagement).
- (2) On 27 June 2024, with new sessions of the Board of Directors and the supervisory committee of the Company having been elected, the following changes of Directors and Supervisors became effective:
 - (i) Ms. Sha Caiping and Mr. Yang Zufeng became non-executive Directors; Ms. Ji Xuefeng and Mr. Bai Mo became independent non-executive Directors; and Mr. Bian Hong became an independent Supervisor; and
 - (ii) Ms. Wu Fang and Ms. Guan Na retired as non-executive Directors; Mr. Zhang Ying Hua and Mr. Guo Jia Li retired as independent non-executive Directors; and Ms. Xu Hui retired as an independent Supervisor.

The aforementioned Directors appointed during the Reporting Period have obtained the legal advice from a firm of solicitors under Rule 3.09D of the Listing Rules. Mr. Wang Cong has confirmed that he understood his obligations as a Director on 19 February 2024, and Ms. Sha Caiping, Mr. Yang Zufeng, Ms. Ji Xuefeng and Mr. Bai Mo have confirmed that he/she understood his/her obligations as a Director on 27 June 2024.

More information is set out in the Company’s circulars dated 30 January 2024 and 5 June 2024, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Connected transactions

Please see the paragraph headed “Connected transactions” in the Directors’ Report in this annual report for information regarding non-exempt connected transactions of the Group during the Year.

Potential disposal of assets of Jining Branch Company

References are made to the announcements of the Company dated 4 September 2020, 24 September 2020 and 20 August 2021 in relation to the potential disposal of assets of Jining Branch. As no successful bidders were identified in the listing conducted at the Tianjin Property Rights Exchange, the Company is exploring different options regarding the assets of the Jining Branch. The Company will make further announcement(s) as and when appropriate in compliance with the Listing Rules (if required).

More information is set out in the Company’s announcement dated 20 August 2021.

SUBSEQUENT EVENTS

Change of Shareholders’ Representative Supervisor

With effect from 14 March 2025, Ms. Hao Yunhe has been appointed as the new shareholders’ representative Supervisor in place of Mr. Xu Peng (whose resignation became effective on the same date). More information is set out in the Company’s circular dated 25 February 2025.

Save as disclosed in this annual report, there is no other important event affecting the Group which has occurred after the end of the Year and up to the date of this annual report.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

As at the date of this annual report, the Company has three executive Directors, three non-executive Directors, and three independent non-executive Directors. Their details are set out below:

Executive Directors

Mr. Wang Cong (王聰), aged 42, is the Chairman of the Board and an executive Director. He graduated from the Northeast Electric Power School (now known as the Northeast Electric Power University) in China in July 2004 with a Bachelor of Management, and obtained a Master of Accountancy from the Nankai University in China in June 2011. Mr. Wang holds the qualification of a senior accountant in China. He was awarded the legal professional qualification certificate by the Ministry of Justice of the People's Republic of China in April 2022.

Mr. Wang has been the financial controller of Jinran China Resources Gas Co., Ltd. ("Jinran China Resources", a controlling shareholder of the Company) since November 2022. He has over 20 years of working experience in entities engaging in heating and/or energy business (such as Tianjin Chentang Thermal Power Co., Ltd., Tianjin Jinneng Investment Company, and Tianjin Jinneng Binhai Thermal Power Co., Ltd.). Among these working experience, he worked in Tianjin Energy Investment Company Limited ("Tianjin Energy", an indirect holding company of Jinran China Resources) from November 2013 to November 2022, and had been (among others) an assistant to the manager of the finance department, and was promoted to the role of a deputy manager of the finance department. He also undertook the role of a deputy general manager (in charge) of Tianjin Energy Group Finance Company Limited (天津能源集團財務有限公司, "Tianjin Energy Finance") from December 2021 to August 2022, and subsequently the general manager of Tianjin Energy Finance from August 2022 to November 2022. Mr. Wang also acts as a director or supervisor in entities which is controlled or invested in by Tianjin Energy and/or its associated companies (including his directorship in Tianjin Jinneng Co., Ltd. (天津津能股份有限公司) and his role as supervisor in Tianjin Jinneng Pipe Co., Ltd. (天津市津能管業有限公司)).

Mr. Wang was appointed as an executive Director with effect from 19 February 2024. He is also the chairman of the Nomination Committee of the Company.

Ms. Tang Jie (唐潔), aged 57, is an executive Director. She graduated from the Tianjin Institute of Finance (天津財經學院) (now known as the Tianjin University of Finance and Economics (天津財經大學)), majoring in accounting, in 1991. She is one of the promoters of the Company and had been working for the Company as an accountant and deputy general manager in the account department since December 1998. She was appointed as a deputy general manager of the Company in 2001. She was appointed as an executive Director on 28 December 2001 and is responsible for making material decisions of the Company.

Mr. Sun Liangchuan (孫良傳), aged 50, is an executive Director. He joined Binhai Gas Group in August 2012 and has undertaken various positions. Among others, he served as the deputy chief engineer and minister of planning and construction from August 2012 to November 2015, as the assistant to the general manager from November 2015 to April 2018, and has been appointed as the deputy general manager since April 2018. He obtained a bachelor's degree of Urban Gas Engineering from Tianjin Chengjian University (天津城建大學, formerly known as Tianjin Institute of Urban Construction 天津城市建設學院) in July 1996. He has been conferred the qualification of senior engineer by the Engineering Technology and Civil Engineering Professional Evaluation Committee of the Tianjin Municipal Personnel Bureau (天津市人事局工程技術專業審評委) since December 2007. He was appointed as the general manager of the Company on 22 May 2020, and was appointed as an executive Director on 29 June 2020 and he is an authorised representative of the Company under the Listing Rules.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (continued)

Non-executive Directors

Mr. Zhang Jinghan (張鏡涵), aged 38, is a non-executive Director. He has been qualified as an economist (Specialty: Business management) in China. He studied in Northeast Normal University in China in 2009, majoring in international politics, and obtained a master's degree in laws from Tianjin Normal University in June 2012, majoring in international politics. Mr. Zhang joined Tianjin Thermal Power Co. Ltd. (天津市津燃熱電有限公司) in July 2012, and was seconded to Tianjin Gas as the general manager office secretary, and he continued to act in such position up to December 2012 after official joining Tianjin Gas in October 2012. He joined Jinran China Resources in December 2012. He served as the general manager office secretary from December 2012 to July 2019, and became the temporary person-in-charge of the general manager office in July 2019. He subsequently held the position as a deputy head (in charge) of the general manager office from August 2020 to October 2021. He joined the strategic planning department of Jinran China Resources as its deputy manager (in charge) in October 2021, and is now the manager of the department. Mr. Zhang was appointed as a non-executive Director with effect from 1 August 2022.

Ms. Sha Caiping (沙彩萍), aged 49, is a non-executive Director. She graduated from Tianjin Urban Construction Institute (now known as Tianjin Chengjian University), majoring in urban gas engineering, in July 1997. Ms. Sha was educated at the graduate school of the Party School of the Central Committee of C.P.C specializing in economics law between September 2005 and July 2008. She was conferred the qualification of a senior engineer in China. Ms. Sha joined Tianjin City Tanggu Gas Co., Limited (天津市塘沽燃氣有限公司, formerly known as Tianjin City Tanggu Gas Corporation (天津市塘沽煤氣公司)) in July 1997, and undertook various positions. Among other things, she served as the head of the office of the manager, the head of the party and mass office, the chairman of the labour union and the assistant to manager, and was appointed as the deputy manager from February 2012 to February 2019. Ms. Sha was the deputy general manager and the chairman of the labour union of the Company from February 2019 to October 2022. She is now a deputy head (in charge) of the customer service (hotline) centre of Jinran China Resources. Ms. Sha was appointed as a non-executive Director with effect from 27 June 2024. She is also a member of the Remuneration Committee of the Company.

Mr. Yang Zufeng (楊祖峰), aged 42 is a non-executive Director. He graduated from Wuhan University of Science and Technology, Zhongnan Branch, majoring in engineering management, in June 2006. Mr. Yang holds the qualification of a senior engineer in China. He participated in the management of the infrastructure engineering department of Tianjin Gas from August 2006 to January 2013. Mr. Yang joined the management of the infrastructure engineering department of Jinran China Resources in January 2013, and subsequently served as a deputy head of the department from May 2017 to January 2020. He was a deputy manager of the engineering management department of Jinran China Resources from January 2020 to March 2024, and he has been in charge of the work of the department since March 2024. Mr. Yang was appointed as a non-executive Director with effect from 27 June 2024.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (continued)

Independent Non-executive Directors

Mr. Yu Jian Jun (玉建軍), aged 61, is an independent non-executive Director. Mr. Yu graduated from the School of Architecture of Tianjin University (now known as Tianjin Chengjian University (天津城建大學)), majoring in gas engineering, in 1986. Mr. Yu is a professor and master advisor. He currently serves as a deputy head of the Department of Environment and Equipment, Faculty of Energy and Safety Engineering, Tianjin Chengjian University. He is a member of the China City Gas Society (中國城市燃氣學會) and a member of its Technology Committee. Mr. Yu is the deputy head of the City Construction Committee of Tianjin Democratic Construction Association (天津民主建國會城建委員會), and an expert appointed by the Planning Office of Tianjin City* (天津市建設管理委員會). He was appointed as an independent non-executive Director on 16 June 2015. He is also a member of each of the Audit Committee and the Nomination Committee of the Company.

Ms. Ji Xuefeng (紀雪峰), aged 47, is an independent non-executive Director. Ms. Ji graduated from Nankai University in China with a Bachelor of Arts, specialising in English in June 2001, and was conferred a Law Master degree by Nankai University in June 2004. She holds the qualification of second grade lawyer conferred by the Tianjin Municipal Human Resources and Social Security Bureau. Ms. Ji has been engaging in legal practice in China. Her practice areas include corporate and commercial law, international investment/finance, restructuring, merger and acquisitions and finance. Since January 2019, she has been a director of Anli (Tianjin) Partners. Ms. Ji was awarded the title of “The Belt and Road Initiative and Compliance Road Top Ten Lawyers” in December 2019. As at the date of this annual report, Ms. Ji is a vice-director of Tianjin Lawyers Association; a member of the Pool of Chief Legal Consultation Experts of Tianjin Law Society; a representative of Tianjin People’s Congress; a representative of Heping District of Tianjin People’s Congress; an expert from the First Major Administrative Decision-Making Consultation and Argumentation of Tianjin Municipal People’s Government; a coordinator of Spain Working Group by the Belt and Road International Lawyers Association; one of the authors of the Legal Environment Report of the “Belt and Road” Countries of All China Lawyers Association; an independent director of the Northern International Trust Co., Ltd.; an external director of Tianjin Bincheng Marine Culture Tourism Development Co., Ltd., Tianjin Binhai Culture Tourism Development Co., Ltd., Tianjin Jincheng State-owned Capital Investment Operation Co., Ltd.; a supervisor of China Chamber of International of Commerce (Tianjin); an expert in the Public-Private Partnership (PPP) Expert Database of Tianjin Municipal Finance Bureau; an arbitrator of the Tianjin Arbitration Commission; an arbitrator of the Xi’an Arbitration Commission; a supervisor and member of the selection committee for the prosecutor of the Tianjin People’s Procuratorate. She was appointed as an independent non-executive Director with effect from 27 June 2024. She is also a member of each of the Audit Committee and Nomination Committee of the Company, and the chairman of the Remuneration Committee of the Company.

Mr. Bai Mo (白默), aged 47, is an independent non-executive Director. Mr. Bai graduated from the School of Business and Tourism Management of Shenyang University, China, with a bachelor’s degree in economics, in July 1999. He obtained a master’s degree in management from Shenyang University in June 2003. He was conferred a Doctorate in Management by Nankai University, specializing in business administration and accounting in December 2011. Mr. Bai was appointed as a professor of Tianjin University of Commerce, China in December 2017. Currently, he is an associate dean (in charge) of the Accounting School, and a professor in the Financial Management Department of the Tianjin University of Commerce, China. He was a visiting scholar of the University of Sydney, Australia, from 13 August 2019 to 23 August 2019. As of the Latest Practicable Date, he is a council member of the Financial and Costs Branch of the Accounting Society of China. He is an external director of Tianjin Hi-Tech Group (since March 2024) and Tianjin Water Planning Survey and Design Co., Ltd (since September 2021). He was appointed as an independent non-executive Director with effect from 27 June 2024. He is also the chairman of the Audit Committee of the Company, and a member of the Remuneration Committee of the Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (continued)

SUPERVISORS

The Company has established a supervisory committee (the “Supervisory Committee”) whose primary duty is to supervise the discharge of the duties of the senior management of the Company, including the Board, managers and senior officers. The function of the Supervisory Committee is to ensure that the senior management of the Company acts in the interests of the Company, its Shareholders and employees and does not perform acts which violate PRC laws or the Articles. The Supervisory Committee reports to the Shareholders in general meetings. The Articles provides the Supervisory Committee with the right to investigate the Company’s financial affairs, to carry out supervision to ensure that the Directors, managers and other senior management personnel of the Company do not act in contravention of any laws, administrative regulations or the Articles in the performance of their duties, to request that any activities harmful to the interests of the Company or the Directors, managers or other senior management of the Company be corrected, to propose the convening of extraordinary general meetings of Shareholders; to exercise other powers of office stipulated in the Articles, and in appropriate cases, to appoint on behalf of the Company solicitors, certified public accountants or certified practicing auditors to provide assistance when the Supervisory Committee exercise its power.

The Supervisory Committee currently comprises of five supervisors (the “Supervisors”). The members of the Supervisory Committee as at the date of this report are:

Shareholders’ Representative Supervisor

Ms. Hao Yunhe (郝雲鶴), aged 47, is the shareholders’ representative Supervisor of the Company. Ms. Hao graduated from the Northeastern University at Qinhuangdao (東北大學秦皇島分校), China in July 1999, majoring in accounting. She was conferred the qualification of a senior accountant in China. Ms. Hao has been a deputy financial controller of Jinran China Resources Gas Co., Ltd. (津燃華潤燃氣有限公司, a controlling shareholder of the Company) and the manager of its finance department since November 2024. Ms. Hao joined Qinhuangdao City Coal Gas Company (秦皇島市煤氣總公司) in October 1999, and Qinhuangdao City Gas Company (秦皇島市燃氣總公司) in January 2008. She had been (among others) the financial controller of Qinhuangdao City Gas Company Vehicle Repair Factory (秦皇島市燃氣總公司汽車維修廠), the head of the finance department of Qinhuangdao City Gas Engineering Company (秦皇島市燃氣工程總公司), the head of the finance department of Qinhuangdao China Resources Gas Co., Ltd. Engineering and Installation Branch Company (秦皇島華潤燃氣有限公司工程安裝分公司), the manager of the finance department of Qinhuangdao China Resources Gas Co., Ltd. (秦皇島華潤燃氣有限公司), the financial controller of China Resources Gas Liaoyuan Regional Company (華潤燃氣遼源區域公司) and of Liaoyuan China Resources Gas Co., Ltd. (遼源華潤燃氣有限公司). Ms. Hao was appointed as a Supervisor with effect from 14 March 2025.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (continued)

Independent Supervisors

Mr. Liu Zhi Yuan (劉志遠), aged 61, is an independent Supervisor. Mr. Liu graduated from Qinghai Normal University (青海師範大學) (formerly known as Qinghai Normal College* (青海師範學院)), majoring in physics, in 1982. He obtained master and doctorate degree in Business Administration from Nankai University (南開大學) in 1987 and 1994 respectively. Since June 1987, Mr. Liu has been working in the Faculty of Business, Nankai University and he was a deputy dean of the Faculty from 1997 to 2005. He currently serves as an independent director of Shanxi Huayang Group New Energy Co., Ltd. (山西華陽集團新能股份有限公司) (SH Stock Code: 600348) whose shares are listed on the Shanghai Stock Exchange (the “SSE”). Mr. Liu also currently serves as an independent director of Tianjin Jinbin Development Co., Ltd. (天津津濱發展股份有限公司) (SZ Stock Code: 000897), and Henan Carve Electronics Technology Co., Ltd. (河南凱旺電子科技股份有限公司) (SZ Stock Code: 301182) whose shares are listed on the Shenzhen Stock Exchange (the “SZSE”). Previously, Mr. Liu served as an independent executive director of Shanghai Fudan Forward Science & Technology Company Limited (上海復旦復華科技股份有限公司) (SSE Stock Code: 600624) from 30 June 2009 to 27 October 2015; an independent director of Luxshare Precision Industry Co., Ltd. (立訊精密工業股份有限公司) (SZSE Stock Code: 002475) from 22 February 2009 to 17 April 2015; and was an independent director of Tianjin Motor Dies Co., Ltd. (天津汽車模具股份有限公司) (SZSE Stock Code: 002510), an independent non-executive director of Zhejiang China Commodities City Group Co., Ltd. (浙江中國小商品城集團股份有限公司) (SSE Stock Code: 600415) and an independent director of Tianjin Realty Development (Group) Co., Ltd. (SSE Stock Code: 600322). He was appointed as a Supervisor on 22 June 2016.

Mr. Bian Hong (邊泓), aged 56, is an independent Supervisor. Mr. Bian graduated from Nankai University in China with a Bachelor of Economics in July 1991, majoring in Economic Information. He obtained a master and doctorate degree in accounting from Nankai University in July 1998 and December 2007 respectively. Mr. Bian obtained the qualification of associate professor in professional and technical positions from Nankai University in December 2008. Mr. Bian worked as an engineer (experimental technology series) at Nankai University from July 1991 to August 1998, and he has been as an associate professor of accounting at Nankai University from August 1998. He is also the deputy director of the Professional Degree Teaching Centre of the Faculty of Business, Nankai University and a member of the Professional Degree Teaching Steering Committee of the Fifth Session of the Tianjin Municipal People’s Government Degree Committee. Mr. Bian currently serves as an independent director of Tianjin Tianyao Pharmaceutical Co., Ltd. (SSE stock code: 600488), and Gosun Holdings Co., Ltd. (SZSE stock code: 000971). He was appointed as a Supervisor on 27 June 2024.

Staff Representative Supervisors

Ms. You Hui Yan (游惠燕), aged 42, is a staff representative Supervisor. She graduated from Hebei University of Technology majoring in communications engineering in 2006 and obtained a master’s degree in accounting from Nankai University in 2015. Since 2006, she has worked for Tianjin Jinneng Battery Technology Co., Ltd. (天津市津能電池科技有限公司) and Tianjin Liquefied Natural Gas Co., Ltd. (天津液化天然氣有限責任公司). Ms. You has been working in the Audit Department of the Company since May 2017. She was appointed as a Supervisor on 26 June 2018.

Ms. Zhang Tingting (張婷婷), aged 34, is a staff representative Supervisor. She graduated with a bachelor’s degree in laws in Nankai University (南開大學), the PRC in June 2013. She received a master’s degree in laws from Nankai University (南開大學), the PRC in June 2016. She received the certificate of legal professional qualification issued by the Ministry of Justice, the PRC (中華人民共和國司法部) in August 2013, and was qualified as a corporate lawyer by the Ministry of Justice, the PRC (中華人民共和國司法部) in November 2017. Ms. Zhang has been the deputy department head (in charge) of the Legal Compliance Department of the Company since September 2020. She joined the Legal Compliance Department of the Company in July 2016 and was the temporary responsible person of such department from December 2018 to September 2020. She was appointed as a Supervisor on 25 June 2021.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (continued)

COMPANY SECRETARY

Mr. Lau Kwok Yin (劉國賢), aged 39, is a vice president of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited). He has over 15 years' experience in corporate secretarial services, finance and banking operations. He holds a Bachelor of Business Administration degree in Accounting and Finance from The University of Hong Kong, and is a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst charterholder, and a fellow of the Chartered Governance Institute and the Hong Kong Chartered Governance Institute. He was appointed as the company secretary of the Company on 24 May 2018 and he is an authorised representative of the Company under the Listing Rules.

SENIOR MANAGEMENT

Ms. Yan Ying (閻英), aged 53, is a deputy general manager of the Company since 9 November 2022. She has more than 25 years of working experience with companies in the energy business, including serving in Tianjin Gas Group Company Limited from July 1995 to April 2012, and Tianjin Reli Power Co., Ltd. from April 2012 to September 2018. She joined Tianjin Zhongyuan Natural Gas Engineering Co., Ltd. in September 2018, and was the deputy secretary of its party committee and chairperson of its staff union prior to joining the Group in November 2022. Ms. Yan is qualified as a senior politic officer in China. She graduated from Nankai University branch, with a bachelor of science in July 1995. She further completed the in-service postgraduate course in economics (economic management) at the Party School of the Central Committee of the Communist Party of China in July 2012.

Mr. An Jing Peng (安敬鵬), aged 46, is a deputy general manager of the Company since 20 July 2023. Mr. An was a deputy manager (in charge) of the Jizhou Branch of Jinran China Resources prior to joining the Company in July 2023. He was also a member and the secretary of the party branch of the Jizhou Branch of Jinran China Resources from May 2021 to July 2023. He joined Baochi Company of the Third Sales Branch Company of Tianjin Gas Group Company Limited in February 2008, and was a development officer of its engineering department from May 2010 to January 2013. He served as a development officer of the engineering department of the Baochi Branch of the Third Sales Branch of Jinran China Resources, and subsequently as the head of the safety technology department of the Baochi Branch of Jinran China Resources from January 2013 to October 2019. He worked at Tianjin Dazhan Group and Tianjin Development Zone Beverage Company consecutively between July 2001 and February 2008.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (continued)

Ms. Zhao Fengli (趙鳳莉), aged 40, is the financial controller and general compliance consultant of the Company since 12 June 2023. Ms. Zhao graduated from China University of Petroleum (East China) (中國石油大學(華東)) in July 2008 with a bachelor's degree in management, majoring in accounting, and obtained a master's degree in management from Tianjin University of Finance and Economics (天津財經大學) in June 2011, specialising in accounting. Ms. Zhao was issued with the Certificate of Accounting Profession by the Bureau of Finance Hexi District Tianjin (天津市河西區財政局) in December 2009, and she is qualified as a senior accountant in China in 2018. From November 2011 to January 2013, Ms. Zhao was a management staff of the finance department of Tianjin Gas Group Company Limited (which holds 51% equity interests in Jinran China Resources). She was a management staff of the finance department of Jinran China Resources from January 2013 to August 2020, and subsequently served as a deputy manager of the same department from August 2020 to October 2021. Thereafter to June 2023, Ms. Zhao served as a deputy head (in charge) of the finance department of the Company.

OTHER INFORMATION

Please also refer to Directors' Report and the Corporate Governance Report, including the paragraphs headed "Directors', Chief Executive's and Supervisors Interests in Securities", and "Directors' and Supervisors' Service Contracts " in the Directors' Report for further information with respect to the Directors and Supervisors.

Pursuant to article 67 of the Articles, the Directors shall be elected at the shareholders' general meeting and their term of office shall be three years. Upon expiry of such term, a Director shall be eligible for re-election.

Pursuant to article 95 of the Articles, the term of office of the Supervisors shall be three years for each session, and the Supervisors shall be eligible for re-election.

CORPORATE GOVERNANCE REPORT

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of Shareholders and the public. The Board strives to adhere to the principles of corporate governance of the Corporate Governance Code (the “Code”) in Appendix C1 to the Listing Rules, and adopt sound corporate governance practices based on the Company’s individuality to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all Shareholders. The Company’s corporate governance practices are based on the code provisions as set out in the Code.

The Company has complied with all applicable code provisions set out in the Code in force during the Reporting Period.

Details of the Company’s corporate governance are summarised below.

The Board

Roles of Directors

The Board assumes responsibility for leadership and control of the Company and is collectively responsible for appointing and supervising senior management to ensure that the operations of the Group are conducted in accordance with the objectives of the Group. The principal roles of the Board are:

- to lay down the Group’s objectives, strategies, policies and business plan;
- to monitor and control operating and financial performance through the determination of the annual budget; and
- to set appropriate policies to manage risks in pursuit of the Group’s strategic objectives.

The Board is directly accountable to the Shareholders and is responsible for preparing the accounts.

CORPORATE GOVERNANCE REPORT (continued)

The Board has delegated the day-to-day management responsibility to the management staff under the instruction/supervision of the general manager of the Company and various Board committees. All Board members have separate and independent access to the Company's management to fulfill their duties, and upon reasonable request, to seek independent professional advice under appropriate circumstances and at the Company's expenses. The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), approval of financial results and budget, setting dividend policy, matters relating to the Company's share capital, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to day-to-day operation, implementing decisions of the Board, are delegated to the management. The management reports to, and is accountable to, the Board.

During the Reporting Period, the Board maintained a high level of independence, with one-third of the Board comprising independent non-executive Directors, who had exercised independent judgments. The independent non-executive Directors are expressly identified in all corporate communications whenever the names of the Directors are disclosed.

Board of Directors

Composition of the Board

As at the date of this report, the Board consists of nine members, comprising three executive Directors, namely Mr. Wang Cong (Chairman of the Board), Ms. Tang Jie and Mr. Sun Liangchuan, three non-executive Directors namely Mr. Zhang Jinghan, Ms. Sha Caiping and Mr. Yang Zufeng, and three independent non-executive Directors, namely Mr. Yu Jian Jun, Ms. Ji Xuefeng and Mr. Bai Mo. Biographical details of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" of this annual report.

The composition of the Board is well balanced. Each of the Directors has relevant expertise and extensive corporate and strategic planning experiences that may contribute to the business of the Group. The Company has complied with the requirements under Rules 3.10(1) and (2), and 3.10A of the Listing Rules for the Year. All independent non-executive Directors also meet the guidelines for assessment of their independence as set out in Rule 3.13 of the Listing Rules.

During the Year, the Board maintained a high level of independence, with one-third of the Board comprising independent non-executive Directors, who had exercised independent judgments.

Save as disclosed in this annual report, including in the section headed "Directors, Supervisors and Senior Management" and the paragraph headed "Competing Interests" in the Directors' Report, no Directors (including the Chairman), Supervisors and senior management have any financial, business, family or other material/relevant relations among one another.

CORPORATE GOVERNANCE REPORT (continued)

Each of the non-executive Directors (including the independent non-executive Directors) has entered into a letter of appointment with the Company for a term of three years commencing from their appointment date. Please also refer to the paragraph headed “Directors’ and Supervisors’ Service Contracts” in the section headed “Directors’ Report” in this annual report for further details.

Chairman of the Board and Chief Executive Officer

As at the date of this report, Mr. Wang Cong serves as the Chairman of the Board. The Company does not have a chief executive officer. The General Manager (currently Mr. Sun Liangchuan, an executive Director) acts as the leading officer of the Group in executing the business and other policies and strategies laid down by the Board.

Appointment, re-election and removal of Directors

The Company has established the Nomination Committee, who from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board.

The Board has adopted its board diversity policy (the “Board Diversity Policy”). Such policy aims to set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy. The Nomination Committee will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

As of the date of this report, the Board comprises both male and female (six male and three female), providing the Board with a direct and diversified channel of the opinion of both genders. The Directors believe that the composition of the Board reflects a balance of skills, experience and expertise appropriate for the requirements of the Company’s business development and for effective leadership. All the executive Directors possess extensive experience in the Company’s industry while the non-executive Directors (including independent non-executive Directors) possess professional knowledge and broad experience in diversified areas including the energy industry, business management and investment, finance and accounting, and cover different age group. The Directors are of the opinion that Board diversity (including gender diversity) has been achieved, and the present structure of the Board can ensure the independence and objectivity of the Board and provide a system of checks and balances.

The Board will continue to maintain Board diversity (including gender diversity), and maintain at least one female representation to ensure the opinions from different gender are well represented. If the Board determines that an additional or replacement Director is required, the Company will deploy multiple channels for identifying suitable director candidates, including without limitation, referral from Directors, shareholders, management, advisors of the Company, with regarding to the range of diversity perspectives set forth in the Board Diversity Policy.

CORPORATE GOVERNANCE REPORT (continued)

The Nomination Committee had reviewed the diversity of the Board during the year ended 31 December 2024 and will review the Board Diversity Policy from time to time to ensure that the policy is implemented effectively.

The Company has also adopted a Directors nomination policy in compliance with the Code, which establishes written guidelines for the Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Process

The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The Nomination Committee utilises various methods for identifying Director candidates, including recommendations from Board members, management, and professional search firms. All Director candidates, including incumbents and candidates nominated by Shareholders' are evaluated by the Nomination Committee based upon the candidates' qualifications and relative merits. Director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

The Nomination Committee will take into account the Board Diversity Policy (which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) and whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the Director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders. The Board shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Each of the executive Directors has entered into a service contract, non-executive Director and independent non-executive Directors has entered into a letter of appointment with the Company. Please also refer to the paragraph headed "Directors' and Supervisors' Service Contracts" in the section headed "Directors' Report" in this annual report for further details. All the service contracts entered into between the Company and Directors may be terminated by either party by giving at least three months' written notice.

Every Director is subject to re-election on change of session of the Board in accordance with the applicable laws and regulations of the PRC.

CORPORATE GOVERNANCE REPORT (continued)

Board Meetings and Procedures

The proceedings of the Board are well defined and follow all the code provisions of the Code.

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision C.5.3 of the Code, during the Reporting Period, at least 14 days' notice has been given for any regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and Board papers of regular Board meetings are sent to all Directors within reasonable time and at least three days prior to the meetings.

All Directors also have access to the Company Secretary who is responsible for ensuring that the Board procedures are followed and advising the Board on compliance matters. Meeting agenda accompanied by relevant Board/committee papers are distributed to the Directors/committee members with reasonable notice in advance of a Board meeting. Minutes of Board meetings and meetings of Board committees, which recorded in sufficient detail the matters considered and decisions reached thereat, including any concerns raised or dissenting views expressed by any Director, are kept by the Company Secretary and open for inspection by the Directors.

Regular Board meetings are usually held every three months, with additional meetings arranged, if and when required. 10 Board meetings were held in 2024. Individual attendance records are set out below.

Board Meetings and General Meetings Attendance

	Board meetings attended during the Year	General meetings attended during the Year
Executive Directors		
Chen Tao (resigned on 19 February 2024)	2/2	1/1
Wang Cong (appointed on 19 February 2024)	8/8	2/2
Tang Jie	10/10	3/3
Sun Liangchuan	8/10	2/3
Non-executive Directors		
Wu Fang (retired on 27 June 2024)	5/6	2/3
Guan Na (retired on 27 June 2024)	5/6	2/3
Zhang Jinghan	9/10	3/3
Sha Caiping (appointed on 27 June 2024)	3/4	0/0
Yang Zufeng (appointed on 27 June 2024)	4/4	0/0
Independent Non-executive Directors		
Zhang Ying Hua (retired on 27 June 2024)	4/6	2/3
Yu Jian Jun	8/10	0/3
Guo Jia Li (retired on 27 June 2024)	6/6	2/3
Ji Xuefeng (appointed on 27 June 2024)	3/4	0/0
Bai Mo (appointed on 27 June 2024)	4/4	0/0

CORPORATE GOVERNANCE REPORT (continued)

Notes:

In the above chart, attendance is presented with reference to the number of meeting(s) held during the tenure of the Director in the Year.

During the Year, at two of the above Board meetings, (among other matters) connected transactions with Jinran China Resources and/or its associates were considered. Mr. Wang Cong, Mr. Zhang Jinghan, Ms. Sha Caiping and Mr. Yang Zufeng did not participate in the discussion and voting with respect to those resolutions in light of their concurrent positions in Jinran China Resources. As they participated in the discussion and voting with respect to other resolutions considered at the same meetings, their attendance at those two meetings was reflected in the above chart.

Reference to general meetings include class meeting of holders of domestic shares and class meeting of holders of H shares convened and held during the Year. Three general meetings were held during the Year.

Certain Directors were not able to attend the general meetings held in 2024 due to their unavoidable business engagements. The Company discusses with these Directors to understand their view in matters to be considered at the general meetings, and to understand the message(s) such Directors wish to relate to the Shareholders at the general meetings. The Company also ensured the Directors and management presented at the meeting had sufficient knowledge, background and authority to address any question raised by the Shareholders. Updates on the meeting were also provided to absented Directors afterwards.

During 2024, the Board has addressed the following major issues, among other things:

1. maintaining and promoting the culture of the Company;
2. formulation of long-term strategy;
3. approving public announcements, including financial statements;
4. approving annual budgets;
5. reviewing operational and financial performance;
6. considering connected transactions proposed to be entered into;
7. reviewing the effectiveness of the Group's risk management (including ESG risks) and internal control systems;
8. passing the resolution in respect of determining the annual remuneration of the senior management;
9. approving the amendments to the articles of association of the Company; and
10. approving appointments to the Board, subject to the approval by the Shareholders, and appointments of member of senior management.

Directors are free to contribute alternative views at meetings and major decisions would only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

CORPORATE GOVERNANCE REPORT (continued)

Directors' Duties

Every Director is kept abreast of his/her responsibilities as a director of the Company and of the conduct, business activities and development of the Company:

- A comprehensive director's handbook is issued to every Director, which sets out guidelines on conduct by making reference to the relevant sections of the statutes or the Listing Rules, and remind Directors of their responsibilities in making disclosure of their interests and potential conflict of interests. Directors are also provided with updates, materials and/or training on the latest development and trend related to the Listing Rules and other rules and regulations relevant to the Company.
- Orientation programmes are organised for providing induction to new Directors to help them familiarise with the management, business and governance practices of the Company.
- Management provides appropriate and sufficient information to Directors and the committee members in a timely manner to keep them apprised of the latest development of the Group and enable them to discharge their responsibilities. Directors also have independent and unrestricted access to senior executives of the Company.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the Code. As at the date of this report, the Board has reviewed and monitored: (a) the Company's corporate governance policies and practices; (b) training and continuous professional development of Directors and senior management; (c) the Company's policies and practices on compliance with legal and regulatory requirements; (d) the Company's code of conduct; and (e) the Company's compliance with the Code disclosures requirements.

Conduct on Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors on terms no less exacting than the required standard of dealings as referred to in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules.

Upon specific enquiries the Directors and Supervisors confirmed his/her compliance with the Model Code with respect to securities dealings throughout the Reporting Period.

Independence of Independent Non-executive Directors

The Company has received from each of the existing independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. Having considered that the independent non-executive Directors continue to provide a balanced and independent view to the Board and play a vital role in the Board committees, and bring independent as well as constructive comments on the Group's strategy, policy, performance and activities, and that there are no circumstance which would materially interfere with their exercise of independent judgement, with reference to the above annual confirmations, the Company considers that all of the independent non-executive Directors are independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT (continued)

Directors' Induction and Continuous Professional Development

Directors receive comprehensive, formal training upon their appointments to ensure they have a proper understanding of the businesses and development of the Group and that they are fully aware of their responsibilities under statutes, laws, rules and regulations, the Listing Rules, applicable legal and other regulatory requirements and the business and governance policies of the Company.

Directors recognise the importance to participate in continuous professional development to develop and refresh their knowledge and skills, and to ensure that their contribution to the Board remains informed and relevant. The Company also updates the Directors on the latest development regarding the current trend and issues faced by the Group, the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

During the Year, the Directors regularly updated and refreshed their knowledge and skills through various means including but not limited to attending management briefings, trainings, seminars, giving speech or attending other professional development like reading articles, researches, journals and legal and regulatory updates provided by the Company. In addition, all Directors have been given guideline materials regarding duties, roles and functions of directors of listed companies. The Company has received confirmation from all Directors in respect of their training records for the year ended 31 December 2024. According to the records provided by the Directors, a summary of training received by the Directors during the Year is as follows:

	Attended trainings session and reading materials
Executive Directors	
Chen Tao (resigned on 19 February 2024)	✓
Wang Cong (appointed on 19 February 2024)	✓
Tang Jie	✓
Sun Liangchuan	✓
Non-executive Directors	
Wu Fang (retired on 27 June 2024)	✓
Guan Na (retired on 27 June 2024)	✓
Zhang Jinghan	✓
Sha Caiping (appointed on 27 June 2024)	✓
Yang Zufeng (appointed on 27 June 2024)	✓
Independent Non-executive Directors	
Zhang Ying Hua (retired on 27 June 2024)	✓
Yu Jian Jun	✓
Guo Jia Li (retired on 27 June 2024)	✓
Ji Xuefeng (appointed on 27 June 2024)	✓
Bai Mo (appointed on 27 June 2024)	✓

CORPORATE GOVERNANCE REPORT (continued)

Board Committees

The Board is supported by three committees as at the date of this report, namely the Remuneration Committee, Nomination Committee and Audit Committee. Each of them has defined terms of reference covering its duties, powers and functions.

The Board and the committees are provided with sufficient resources to discharge their duties including, retention of outside advisers, if necessary, at the cost of the Company, to provide advice on any specific matter.

The Nomination Committee whose members comprise of an executive Director and non-executive Directors, other Board Committees members comprise of only non-executive Directors. The chairmen of the respective committees report regularly to the Board, and, as appropriate, make recommendations on matters discussed. The governance structure and meetings attendance record of the Board Committees are set out below.

	Major roles and functions	Composition during the Year	Attendance in the Year
Audit Committee	<ul style="list-style-type: none"> To make recommendation to the Board on the appointment, reappointment and removal of external auditor 	Guo Jia Li (<i>Chairman</i>) (<i>independent non-executive Director</i>) (<i>retired on 27 June 2024</i>)	3/3
	<ul style="list-style-type: none"> To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards 	Zhang Ying Hua (<i>independent non-executive Director</i>) (<i>retired on 27 June 2024</i>)	2/3
	<ul style="list-style-type: none"> To develop and implement policy on the engagement of an external auditor to supply non-audit services and monitor the integrity of financial statements of the Company and the Company's annual report and accounts, interim report and to review significant financial reporting judgments contained in them 	Bai Mo (<i>Chairman</i>) (<i>independent non-executive Director</i>) (<i>appointed on 27 June 2024</i>)	1/1
		Yu Jian Jun (<i>independent non-executive Director</i>)	2/3
	<ul style="list-style-type: none"> To oversee the Company's financial reporting system, risk management and internal control systems 	Ji Xuefeng (<i>independent non-executive Director</i>) (<i>appointed on 27 June 2024</i>)	0/1
	<ul style="list-style-type: none"> To review the Company's financial results (including its annual and interim results) 		

Total number of meetings held in 2024: 4

Note: In the above chart, attendance is presented with reference to the number of meeting(s) held during the tenure of the Director in the Year in which the Director was eligible to attend.

CORPORATE GOVERNANCE REPORT (continued)

	Major roles and functions	Composition during the Year	Attendance in the Year
Remuneration Committee	<ul style="list-style-type: none"> To consult the chairman of the Board about remuneration proposals for other executive Directors 	Zhang Ying Hua (Chairman) (independent non-executive Director) (retired on 27 June 2024)	3/4
	<ul style="list-style-type: none"> To make recommendation to the Board on the Company's remuneration policy and structure for all Directors' and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy 	Ji Xuefeng (Chairman) (independent non-executive Director) (appointed on 27 June 2024)	2/2
	<ul style="list-style-type: none"> To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives 	Guo Jia Li (independent non-executive Director) (retired on 27 June 2024)	4/4
	<ul style="list-style-type: none"> To determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management (model E.1.2(c)(i) under the Code) 	Wu Fang (non-executive Director) (retired on 27 June 2024)	4/4
	<ul style="list-style-type: none"> To make recommendations to the Board on the remuneration of non-executive Directors 	Sha Caiping (non-executive Director) (appointed on 27 June 2024)	2/2
		Bai Mo (independent non-executive Director) (appointed on 27 June 2024)	2/2

CORPORATE GOVERNANCE REPORT (continued)

Major roles and functions	Composition during the Year	Attendance in the Year
<ul style="list-style-type: none"> To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group To review and approve the compensation payable to executive Directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate To ensure that no Director or any of his/ her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration 		

Total number of meetings held in 2024: 6

Note: In the above chart, attendance is presented with reference to the number of meeting(s) held during the tenure of the Director in the Year in which the Director was eligible to attend.

CORPORATE GOVERNANCE REPORT (continued)

	Major roles and functions	Composition during the Year	Attendance in the Year
Nomination Committee	<ul style="list-style-type: none"> To review the structure, size, composition (including the skills, knowledge and experience) and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board on a regular basis and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy To identify individuals suitably qualified to become Board member and assess the independence of independent non-executive Directors To make recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors To review the Board Diversity Policy and any measurable objectives for implementing the Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives, and to make disclosure of its review results in the annual report of the Company annually 	Wang Cong (<i>Chairman</i>) (<i>executive Director</i>) (<i>appointed on 19 February 2024</i>)	3/3
		Chen Tao (<i>Chairman</i>) (<i>executive Director</i>) (<i>resigned on 19 February 2024</i>)	1/1
		Zhang Ying Hua (<i>independent non-executive Director</i>) (<i>retired on 27 June 2024</i>)	3/4
		Yu Jian Jun (<i>independent non-executive Director</i>)	4/5
		Ji Xuefeng (<i>independent non-executive Director</i>) (<i>appointed on 27 June 2024</i>)	1/1

Total number of meetings held in 2024: 5

Note: In the above chart, attendance is presented with reference to the number of meeting(s) held during the tenure of the Director in the Year in which the Director was eligible to attend.

CORPORATE GOVERNANCE REPORT (continued)

Audit Committee

During the Year, the Audit Committee performed the major works as below:

1. reviewed the annual financial results and report for the year ended 31 December 2023 and interim financial results and report for the six months ended 30 June 2024;
2. reviewed the continuing connected transactions of the Company;
3. reviewed the report of the Party and Mass Office (Audit Department) regarding the reviewing and procedures of the internal control and risk management of the Company and reviewed the effectiveness of the Group's internal audit function;
4. reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process;
5. considered and discussed the change of external auditors and made recommendations thereon to the Board and the terms of engagement of the external auditors, and
6. reviewed the terms of reference of the committee and whistleblowing policy of the Company.

The Audit Committee had also reviewed this annual report, and confirmed that this annual report complies with the applicable standard, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

Remuneration Committee

During the Year, the Remuneration Committee performed the major works as below:

1. reviewed and discussed the remuneration policy and structure of the Company and the remuneration and performance of duties of the Directors and senior management in the Year;
2. determined the remuneration packages of individual executive Directors and senior management;
3. reviewed and made recommendation to the Board on the remuneration of non-executive Directors;
4. reviewed and confirmed no Directors is involved in deciding his own remuneration, no compensation claimed to the Company by Directors and senior management for any loss or termination of office or appointment and no compensation arrangements relating to dismissal or removal of Directors for misconduct; and
5. approved the terms of executive Directors' service contracts.

CORPORATE GOVERNANCE REPORT (continued)

Nomination Committee

During the Year, the Nomination Committee performed the major works as below:

1. examined the structure, size, composition and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board, and the implementation and objectives of the Board Diversity Policy, made recommendations on any proposed appointment and re-election to the Board to ensure the Directors have the expertise, skills and experience required to meet the Company's business strategy and visions;
2. made recommendations to the Board on the Board composition and succession planning for Directors; and
3. assessed the independence of all independent non-executive Directors.

Remuneration of Directors and Senior Management

During the Year, the remuneration paid by the Group to its Directors and Supervisors is disclosed in Note XI(II) to the financial statements of this annual report.

The remuneration package (such as directors' fee, performance base bonus, benefits and pension etc., if any) of individual executive Directors and senior management of the Company is determined by the Remuneration Committee. The Remuneration Committee also make recommendation to the Board on the remuneration of non-executive Directors, including independent non-executive Directors. Directors' remuneration is determined based on a variety of factors such as PRC market conditions, the market remuneration standard and actual circumstances of the Company, his/her respective qualifications and experience, and responsibilities assumed. For the Year, save as Ms. Tang Jie, Mr. Yu Jian Jun, and Ms. Ji Xuefeng, all Directors waived their directors' remuneration fee.

Details of remuneration paid to members of senior management of the Company during the Year (including Mr. Sun Liangchuan an executive Director) by band are as follows:

	Number of Individuals
RMB100,000 to RMB600,000	4

CORPORATE GOVERNANCE REPORT (continued)

Company Secretary

Mr. Lau Kwok Yin, a vice president of SWCS Corporate Services Group (Hong Kong) Limited has been appointed as the company secretary of the Company (the “Company Secretary”) on 24 May 2018. He has taken no less than 15 hours of relevant professional training during the Year in compliance with Rule 3.29 of the Listing Rules in relation to the professional training requirements. The primary contact person of Mr. Lau Kwok Yin at the Company is Ms. Zhang Tingting, a Supervisor, and the deputy department head (in charge) of the General Manager’s Office (Legal Compliance Department) of the Company.

The Company Secretary reports directly to the Board. All the Directors have easy access to the Company Secretary and responsibility of the Company Secretary is to ensure the Board meetings are properly held and are in compliance with the relevant laws and regulations. The Company Secretary is also responsible for giving advice with respect to the Directors’ obligations on securities interest disclosure, disclosure requirements of discloseable transactions, connected transactions and inside information. The Company Secretary shall provide advices to the Board with respect to strict compliance with the laws, requirements and the Articles at appropriate times. As the Company’s principal channel of communication with the Stock Exchange, the Company Secretary assists the Board in implementing and strengthening the Company’s corporate governance code so as to bring the best long-term value to Shareholders. In addition, the Company Secretary also provides relevant information, updates and continuous professional development to the Directors with respect to legal, supervisory and other continuous obligations for being a director of a listed company at appropriate times. The Company Secretary is also responsible for supervising and managing the Group’s relationship with investors.

Accountability and Audit

Financial Reporting

The Directors are responsible for overseeing the preparation of the annual accounts which give a true and fair view of the Group’s state of affairs of the results and cash flow for the Year. All the Directors acknowledge their responsibility for preparing the financial statements. In preparing the accounts for the Year, the Directors have:

- selected suitable accounting policies and applied them consistently; and
- made judgements and estimates that are prudent and reasonable; and ensured the accounts are prepared on the going concern basis.

The Company recognises that high quality corporate reporting is important in reinforcing the trustworthy relationship with the Company’s stakeholders and aims at presenting a balanced, clear and comprehensible assessment of the Company’s performance, position and prospects in all corporate communications. The annual and interim results of the Company are announced in a timely manner within the required limits after the end of the relevant periods.

CORPORATE GOVERNANCE REPORT (continued)

A statement by the auditors about their reporting responsibilities is included in the Auditor's Report on pages 63 to 70. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Risk Management and Internal Controls

The Board, through the Audit Committee, has reviewed the effectiveness of the Company's system of risk management and internal controls over financial, operational and compliance issues for the Year. The Audit Committee concluded that, in general, the Company has set up a sound control environment and installed necessary control mechanisms to monitor and correct non-compliance. The Board, through the regular review of the Audit Committee, is satisfied that the Group in the Year, fully complied with the code provisions on risk management and internal controls as set forth in the Code.

The Company has formulated and implemented its risk management and internal control system. The Board is the decision-making body responsible for reviewing the effectiveness of its risk management and internal control systems with the assistance of the Audit Committee and the Audit Department. The Audit Committee has reviewed the report of the Audit Department regarding the reviewing and procedures of the internal control and risk management of the Company. The Company has set up risk management, internal control and Audit Department with sufficient staff which report to the Audit Committee. The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management and internal control covering corporate governance, financial management, comprehensive management of human resource, intellectual property, contract management, procurement management, litigation management, asset management and sales management is designed to effectively ensure the effective operation of our business activities, improve the internal control system of the Company, establish the system of risk identification and assessment, and facilitate the effective control of risks through the implementation of various policies; to safeguard the security and integrity of the Company's assets; to prevent, identify errors and frauds and correct them when any occurs so as to ensure the truthfulness, legality and integrity of our accounting information.

The Company's risk management and internal control systems are reviewed at least annually. Based on the review and evaluation of risk management and internal control of the Reporting Period, the Board takes the view that the risk management and internal control of the Company are effective and adequate.

The Company conducts an annual risk evaluation to identify major risks and to perform risk management duties. The Company has designed measures to tackle major risks combined with its internal control system and periodically monitors its implementation to ensure adequate care, monitor and tackling of major risks.

The Company has constantly supervised and evaluated its internal control, conducting comprehensive and multi-level checks including regular test, enterprise self-examination and auditing check so as to resolve material defects in internal control.

CORPORATE GOVERNANCE REPORT (continued)

The Company has established a Audit Department comprising two internal audit managers, which is responsible for the internal auditing and supervising of the business activities of the Company, and also performs its duty as a party in the discussion about economic activities and decision making in relation to our projects, so as to ensure the integrity, reasonableness of the Company's internal control system and the effectiveness of its implementation.

The Legal Compliance Department is responsible for advising on the necessity of performing the obligation of information disclosure, the definition of connected transaction and the legality of contract substance.

While keeping highly transparent communications with investors and analysts, the Company attaches great importance to the handling of inside information. The Company has maintained a good information disclosure mechanism and policy which provides a general guide to the Company's Directors, officers and senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries, and to ensure that inside information is disseminated to the public in a fair and timely manner in accordance with applicable laws and regulations. Monitoring and control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence and anonymity, concerns about improprieties (such as criminal offences or financial impropriety) or other matters of the Company.

External Auditors

The Group's external auditors are WUYIGE Certified Public Accountants LLP. The Audit Committee is mandated to ensure continuing auditors' objectivity and safeguard independence of the auditors, and it has:

- determined the non-audit services for which the external auditors may provide; and
- agreed with the Board on the policy relating to the hiring of employees or former employees of the external auditors and monitored the applications of such policy.

During the Year, the fees paid to the Company's external auditors for audit services amounted to approximately RMB920,000 and for non-audit related activities (which are the fees for agreed upon procedures on accounts) amounted to approximately RMB220,000.

During the Year, the Group has not employed any staff who was formerly involved in the Group's statutory audit.

CORPORATE GOVERNANCE REPORT (continued)

Staff Diversity

The Group had a workforce of 562 full-time employees as of 31 December 2024. Among them, around 39.32% of the workforce (including senior management) were female, and around 50% of the Group's senior management positions were held by female. The Company considers there is a balanced gender diversity in its workforce as a whole, and intends to maintain similar level of balance. To support diversity at different level of the Group, the Group is enhancing diversity awareness through employee networks, hiring and recruitment practices, and awareness raising promotions and training for all employees. More information about the Group's employment and labour practices is available in the Company's 2024 ESG Report.

Dividend Policy

The Company's dividend policy establishes a standard with an aim to enhance the transparency of the Company's dividend distribution.

Declaration and distribution of dividends (including annual, interim or special distribution) is at the absolute discretion of the Board and subject to the approval of the Shareholders and to relevant laws rules and regulations and the Articles. There is no assurance that dividends of any specific or minimum amount will be declared or distributed each year or in any year.

The Board takes into account (among other things) the following factors in determining the level of dividends (if any):

- (i) the results of operations of the Group;
- (ii) cash flows of the Group;
- (iii) financial position of the Group;
- (iv) capital requirements of the Group;
- (v) business strategies and developments of the Group; and
- (vi) other factors that the Board deems relevant.

CORPORATE GOVERNANCE REPORT (continued)

Communications with Shareholders and Investors

The Company places great emphasis on its relationship and communication with Shareholders and investors. The Shareholders' Communication Policy sets out the framework the Company has put in place to promote effective communication with Shareholders. To keep Shareholders informed of the Group and its business activities and direction, information about the Group has been provided to the Shareholders through financial reports and announcements including electronic copies accessible by the public online. The Company's website www.jinrangongyong.com serves as a channel to facilitate communication with Shareholders and the public.

The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings or other general meetings. The Company's general meeting allows the Directors to meet and communicated with Shareholders. Issues are proposed as separate resolution to facilitate different issues be considered. Shareholders are also encouraged to communicated their views to the Board.

Having reviewed the implementation and effectiveness of different channels of communication available to the shareholders, and with reference to the shareholders' participation and feedbacks in meetings and corporate activities, the Company considered that the Shareholders' Communication Policy to be effective during the Year.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may send their enquiries and opinion through writing to the following address:

5th Floor, Court A,
No. 28 Nankai Fourth Road,
Nankai District
Tianjin, PRC
Tel No.: (86) 022-87569972
Fax No.: (86) 022-87569971

CORPORATE GOVERNANCE REPORT (continued)

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY MEETING

Pursuant to Article 38(3) of the Articles, where Shareholders separately or aggregately holding ten percent or more of the outstanding shares of the Company vested with voting rights request in writing to convene an extraordinary general meeting, the Board shall convene an extraordinary general meeting within two months thereof.

PROCEDURES FOR SHAREHOLDERS' ENQUIRES TO BE PUT TO THE BOARD

A holder of ordinary shares of the Company shall enjoy (among other things) the following rights pursuant to Article 32 of the Articles:

- to supervise and manage the business, operation and activities of the Company, and to make proposals or enquiries in relation thereto;
- to receive information in accordance with provisions of the Articles, including:
 - A. the Articles upon payment of the cost thereof;
 - B. upon payment of reasonable charges, be entitled to inspect and copy the register of shareholders, the share capital of the Company and minutes of shareholders' meetings.

CORPORATE GOVERNANCE REPORT (continued)

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to Article 37(17) of the Articles, the Shareholders' general meeting shall exercise (among other things) its power to review any provisional motion put forward by Shareholders individually or aggregately holding three percent or more of the shares of the Company.

Pursuant to Article 40 of the Articles, when the Company convenes a shareholders' general meeting, Shareholder(s) individually or jointly holding three percent or more of Company's shares can make a provisional motion in writing to the Board ten days before the date of shareholders' general meeting. The Board shall notify other shareholders within two days after the receipt of such proposal and table the provisional motion to the shareholders' general meeting for consideration. The Company shall include those motions falling within the scope of responsibility of the Shareholders' general meeting into the agenda of such meeting.

Procedures for Shareholders to propose a person for election as a Director under Articles 67 of the Articles are set out below.

- Starting from the second day after the despatch of the notice of the general meeting appointed for the election of Director(s), a Shareholder is entitled to lodge a notice in writing to the Company to nominate directors, and the period (during which the candidate is required to issue a notice to the Company acknowledging his/her intention to be elected) for lodgment of such notice shall be seven days. In any event, the aforesaid period shall end seven days before the date of such general meeting.

DIRECTORS' REPORT

The Board of Directors presents its Directors' Report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal business of the Group includes the sale of piped natural gas, sale of natural gas appliances, natural gas pipeline grid connection and natural gas transportation via pipelines, while principal operation activities include the sale and distribution of piped gas, the lease of pipelines, the operation and management of gas pipeline infrastructure, the sale and installation of gas appliances, the lease of self-owned buildings and (via branch) facilities of gas stations. The Group has been operating in accordance with the specific licencing regulations promulgated by the government whenever applicable.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on pages 77 to 79 of this annual report.

The Board does not recommend the distribution of a dividend for the year ended 31 December 2024 (Previous Year: Nil).

RELIEF FROM TAXATION

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Administrative Measures of the State Administration of Taxation on Tax Convention Treatment for Non-resident Taxpayers (No. 60 of the Announcement of the State Administration of Taxation for 2016) (《國家稅務總局非居民納稅人享受稅收協定待遇管理辦法》) (國家稅務總局公告2016年第60號), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between the PRC, Hong Kong or Macau. For individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

DIRECTORS' REPORT (continued)

For non-resident enterprise holders of H shares, i.e., any shareholders who hold the Company's shares in the name of non-individual Shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H shares registered in the name of other groups and organisations, the Company will withhold and pay the enterprise income tax at the tax rate of 10% for such holders of H shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)).

Should the holders of H shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 4 of the annual report.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the section headed "Management Discussion and Analysis" in this annual report.

SHARE CAPITAL

Details of the Company's share capital are set out in note VI. (XXV) to financial statements included in this annual report.

DISTRIBUTION RESERVES

The reserve available for distribution to Shareholders is the amount which is the lesser of the accumulated profits carried forward at the balance sheet date after deduction of the current year's appropriations to the statutory surplus reserve determined under PRC accounting standards.

As at 31 December 2024, the Group's reserves available for distribution to Shareholders, comprised the retained profits determined under PRC accounting standards of approximately RMB282 million (2023: RMB328 million).

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

DIRECTORS' REPORT (continued)

RESERVES

Profits attributable to Shareholders before dividends of RMB0 (2023: RMBnil) have been transferred to reserves.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the Year.

FIXED ASSETS

Details of movements in fixed assets of the Group are set out in note V.8 to financial statements included in this annual report.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Company for the last five financial years is set out on page 198 of this annual report.

DIRECTORS AND SUPERVISORS

Set out below are the Directors and Supervisors during the Year and up to the date of this report:

Executive Directors

Wang Cong*
Tang Jie
Sun Liangchuan

Non-executive Directors

Zhang Jinghan
Sha Caiping*
Yang Zufeng*

Independent Non-executive Directors

Yu Jian Jun
Ji Xuefeng*
Bai Mo*

* Mr. Wang Cong became a Director with effect from 19 February 2024 in place of Mr. Chen Tao (then Chairman of the Board) who ceased to be an executive Director with effect from the same date.

On 27 June 2024, with new sessions of the Board having been elected, the following changes of Directors became effective: Ms. Sha Caiping, Mr. Yang Zufeng, Ms. Ji Xuefeng and Mr. Bai Mo became Directors; Ms. Wu Fang and Ms. Guan Na retired as non-executive Directors; and Mr. Zhang Ying Hua and Mr. Guo Jia Li retired as independent non-executive Directors.

The Company considers that each of the independent non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

DIRECTORS' REPORT (continued)

Independent Supervisors

Bian Hong
Liu Zhi Yuan

Staff Representative Supervisors

You Hui Yan
Zhang Tingting

Shareholders' Representative Supervisor

Hao Yunhe*

- * On 27 June 2024, with new sessions of the supervisory committee of the Company having been elected, Mr. Bian Hong became a Supervisor; and Ms. Xu Hui retired as an independent Supervisor. Ms. Hao Yunhe became a shareholders' representative Supervisor with effect from 14 March 2025, in place of Mr. Xu Peng.

See also "Management Discussion and Analysis - Change of composition of the Board of Directors and Supervisory Committee", and "Corporate Governance Report - Independence of Independent Non-executive Directors".

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract, and each of the non-executive Directors and independent non-executive Directors has entered into a service contract/letter of appointment with the Company commencing from 27 June 2024 (or if later, his/her effective date of appointment), and ending on the conclusion of the annual general meeting of the Company to be held in 2027.

Each of the Supervisors has entered into a service agreement with the Company for a term ending on the conclusion of the annual general meeting of the Company to be held in 2027.

Save as disclosed above, none of the Directors nor Supervisors has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Save as Ms. Tang Jie, Mr. Yu Jian Jun, and Ms. Ji Xuefeng, other Directors have waived their annual basic remuneration. Each director is entitled to receive pension contributions and benefits. The Company may grant discretionary bonuses to Directors. Shareholders' representative Supervisor Mr. Xu Peng (resigned on 14 March 2025) and Ms. Hao Yunhe (appointed on 14 March 2025) have waived and will not receive any remuneration. Staff representative Supervisors Ms. You Hui Yan and Ms. Zhang Tingting have also waived and will not receive any supervisor remuneration (as they are employees of the Company, their regular employee salaries and benefits from the Company remain unaffected). There was no other arrangement in which Directors or Supervisors waived their remuneration save as the above. See also "Corporate Governance Report – Remuneration of Directors and Senior Management" for further information about the Directors' and Senior Management's remuneration policy.

DIRECTORS' REPORT (continued)

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS IN SECURITIES

As at 31 December 2024, the interests and short positions of the Directors, chief executives and Supervisors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) 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 (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and Supervisors as referred to in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long Position

Domestic Shares of RMB0.1 each in the capital of the Company

Name of Director/Supervisor	Capacity	Number of Domestic Shares interested	Approximate
			percentage of interests in the Company/ Domestic Shares
Tang Jie	Beneficial owner	41,700,000	2.27%/3.11%

Save as disclosed above, as at 31 December 2024, none of the Directors, chief executives and Supervisors of the Company had interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) 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 (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and Supervisors as referred to in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT (continued)

SUBSTANTIAL SHAREHOLDERS AND OTHER SHAREHOLDERS

So far as known to the Directors, as at 31 December 2024, the following persons, not being a Director, chief executive or Supervisor of the Company, have interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO:

Substantial Shareholders

Long Position

Domestic Shares of RMB0.1 each in the capital of the Company

Name of shareholder	Capacity	Number of Domestic Shares interested	Approximate percentage of interests in the Company/ Domestic Shares
Jinran China Resources Gas Co., Ltd. (津燃華潤燃氣有限公司)	Beneficial owner	1,297,547,800	70.54%/96.89%
Tianjin Gas Group Company Limited ("Tianjin Gas") 天津市燃氣集團有限公司 (Note 1)	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
Tianjin Energy Investment Company Limited ("Tianjin Energy") 天津能源投資集團有限公司 (Note 1)	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
Tianjin State-owned Capital Investment Management Co., Ltd. ("Tianjin Capital") 天津國有資本投資運營有限公司 (Note 1)	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
中國建設銀行股份有限公司天津 市分行(China Construction Bank Corporation (Tianjin Branch)) ("CCB Tianjin") (Note 2)	Other	1,297,547,800	70.54%/96.89%

DIRECTORS' REPORT (continued)

Notes:

1. As at 31 December 2024, Jinran China Resources held 1,297,547,800 Domestic Shares. Jinran China Resources is owned as to 51% and 49% by Tianjin Gas and China Resources Gas (Hong Kong) Investment Limited, respectively. Tianjin Energy is the intermediary holding company of Tianjin Gas. Tianjin Capital is the intermediary holding company of Tianjin Energy. Therefore they are deemed, or taken to be interested in all the Domestic Shares held by Jinran China Resources for the purpose of the SFO.
2. On 6 May 2020, Tianjin Capital has charged 100% equity interest in Tianjin Energy (which owns 100% equity interest in Tianjin Gas) to CCB Tianjin. Therefore CCB Tianjin is taken to be interested in all the Domestic Shares beneficially held by Tianjin Gas for the purpose of the SFO.

Other Shareholders

Long Position

H Shares of RMB0.1 each in the capital of the Company

Name of shareholder	Capacity	Number of H Shares interested	Approximate percentage of interests in the Company/ H Shares
Liu Hei Wan	Interests held jointly with another person (Note 1)	14,500,000	0.79%/2.90%
	Held by controlled corporation (Note 2)	30,000,000	1.63%/6.00%
Law Suet Yi	Interests held jointly with another person (Note 1)	14,500,000	0.79%/2.90%
	Interest of spouse (Note 3)	30,000,000	1.63%/6.00%
The Waterfront Development Group Limited	Beneficial owner (Note 2)	30,000,000	1.63%/6.00%

DIRECTORS' REPORT (continued)

Notes:

1. As at 31 December 2024, Mr. Liu Hei Wan and Ms. Law Suet Yi jointly held 14,500,000 H Shares of the Company.
2. The Waterfront Development Group Limited is wholly-owned by Mr. Liu Hei Wan and thus a controlled corporation by Mr. Liu Hei Wan. Therefore, Mr. Liu Hei Wan is deemed, or taken to be, interested in the 30,000,000 H Shares which are beneficially owned by The Waterfront Development Group Limited for the purpose of the SFO.
3. Ms. Law Suet Yi is the spouse of Mr. Liu Hei Wan and therefore, Ms. Law Suet Yi is deemed, or taken to be, interested in all the Shares in which Mr. Liu Hei Wan is interested for the purpose of SFO.

Save as disclosed above, as at 31 December 2024, the Company has not received any notification by any person, not being a Director, chief executive or Supervisor of the Company, of its interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

No Director or Supervisor nor any entity connected with a Director or Supervisor was materially interested, either directly or indirectly, in any transactions, arrangements or contracts of significance to the Group, or to which the holding company of the Company, the Company or any of the Company's subsidiaries or fellow subsidiaries or its specified undertaking was a party during or at the end of the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury shares as defined under the Listing Rules) during the Reporting Period. As of 31 December 2024, the Company did not hold any treasury shares.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

On 9 December 2003, Tianjin Gas has entered into a non-competition agreement with the Company. Under the non-competition agreement, save for Tianjin Gas's then existing piped gas operations in Tianjin City, which is outside the scope of operation of the Group in Tianjin at that time (the "Previous Operational Locations"), Tianjin Gas has irrevocably undertaken and covenanted with the Company that, except with the Company's prior written consent, it would not and would procure that its subsidiaries should not, carry on for their own accounts or for any other persons to carry on and/or have an interest in, any business of which is or may be in competition with the Group's business within the Previous Operational Locations or outside its existing operating district in Tianjin City.

DIRECTORS' REPORT (continued)

On 28 December 2010, Tianjin Gas further entered into the supplemental non-competition agreement (the “Supplemental Non-Competition Agreement”) to supplement certain terms of the non-competition agreement dated 9 December 2003, pursuant to which the meaning of “subsidiary(ies)” as mentioned in the above-mentioned undertaking has been amended to include “associates” under the definition of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and the Previous Operational Locations have been amended to cover the operational locations of the Group (i.e. Xiao Hai Di (小海地) of Hexi District (河西區), part of Jinnan District (津南區), Xiqing District (西青區), Hangu District (漢沽區) and Ninghe District (寧河區)) which have been served by the Group’s pipelines as well as Hedong District (河東區) and Heping District (和平區) after completion of the transfer of part of the tangible assets and gas ancillary facilities.

Furthermore, pursuant to the Supplemental Non-Competition Agreement, Tianjin Gas further undertakes that (a) where business opportunities which may compete with the business of the Group arises, or if Tianjin Gas desires to sell any of its existing piped gas business or the underlying assets for the piped gas business in Tianjin, Tianjin Gas shall give the Company’s notice in writing and the Company shall have a right of first refusal to take up such business opportunities. The Company shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such proposed transactions); and (b) regarding the assets which have not yet been transferred to the Company by Tianjin Gas in Hedong District, Heping District, Xiqing District, Hangu District and Ninghe District, the Company has the right to require Tianjin Gas to sell these assets to the Company at any time, subject to compliance with the applicable requirements under the relevant PRC laws as well as the Listing Rules, at a price that is fair and reasonable, and acceptable to the independent non-executive Directors (who do not have any interest in such proposed transaction).

Pursuant to the non-competition agreement and the Supplemental Non-Competition Agreement (together, the “Non-competition Undertaking”), the independent non-executive Directors are responsible for reviewing and considering whether or not to exercise such rights and are entitled, on behalf of the Company, to review the information provided by Tianjin Gas in respect of the compliance and enforcement of the Non-competition Undertaking at least on an annual basis. The independent non-executive Directors have reviewed the implementation of the Non-competition Undertaking and have confirmed that Tianjin Gas has been in full compliance with the Non-competition Undertaking and no breach by Tianjin Gas came to the Company’s attention for the Reporting Period.

Also, the Company has received from Tianjin Gas an annual declaration on compliance with the Non-competition Undertaking and considers Tianjin Gas has complied with the Non-competition Undertaking.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company or its subsidiary or its specified undertaking a party to any arrangements whose objects are (or includes) to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and no such arrangement subsisted as of the end of the Year.

DIRECTORS' REPORT (continued)

COMPETING INTERESTS

Tianjin Gas has undertaken not to compete with the Group in accordance with the Non-Competition Undertaking. Given the terms of the Non-Competition Undertaking and the inherent nature of the pipe gas supply business, the Directors are of the view that Tianjin Gas does not compete with the Group's operations in the provision of piped natural gas. For details of the Non-Competition Undertaking, please refer to the paragraph headed "Compliance with Non-Competition Undertaking" above.

Each of Mr. Wang Cong, Mr. Sun Liangchuan (each an executive Director), Mr. Zhang Jinghan, Ms. Sha Caiping and Mr. Yang Zufeng (each a non-executive Director) hold position(s) with Jinran China Resources, Tianjin Gas, Tianjin Energy and/or their associates. They do not have any equity interest in Jinran China Resources, Tianjin Gas or Tianjin Energy. Save as their positions with Jinran China Resources, Tianjin Gas, Tianjin Energy and/or their associates, each of the Directors has confirmed that he/she and his/her respective close associates do not have any interest in a business which competes or may compete with the business of the Group.

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates, that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules has been adopted as a code of securities transactions for Directors and Supervisors of the Company (the "Securities Code"). On specific enquiries made, all Directors and Supervisors have confirmed that they have complied with the required standards set out in the Securities Code during the Reporting Period.

CONNECTED TRANSACTIONS

During the Year, the Group has the following non-exempt connected transactions or continuing connected transactions under the Listing Rules:

Non-exempt Continuing Connected Transactions

(1) Gas meters procurement from Tianjin Yumin

On 13 February 2023, the Company and Tianjin Yumin Gas Meter Co., Ltd. ("Tianjin Yumin", a 51% owned subsidiary of Jinran China Resources) entered into a procurement contract pursuant to which Tianjin Yumin agreed to supply to the Company IoT (internet of things) gas meters. The annual caps under this procurement contract are RMB22 million, RMB2.048 million and RMB2 million for the years ended/ending 31 December 2023, 2024 and 2025, respectively.

Tianjin Yumin is an associate (as defined under the Listing Rules) of Jianran China Resources. The transactions constitute continuing connected transactions of the Company. This procurement contract (when aggregated with other procurement of gas meters by the Group from Tianjin Yumin) was subject to (among other things) the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. The independent shareholders' approval was obtained at the extraordinary general meeting held on 20 March 2023.

Further details are set out in the Company's circular dated 24 February 2023.

Actual transaction amount (tax exclusive) for the Year was approximately RMB331,000.

(2) Engineering works framework agreement with Jinran China Resources

The engineering works framework agreement dated 15 December 2021 (as supplemented) entered into between the Company and Tianjin Energy expired on 31 December 2022. On 18 January 2023, the Company and Jinran China Resources entered into a new engineering works framework agreement pursuant to which Jinran China Resources and/or its associated companies will undertake the Group's gas pipeline projects, supporting facilities construction projects, indoor gas meters installation projects, other outdoor and indoor gas facilities construction, renovation and renewal construction projects, and provide services such as inspection, design, supervision, entrusted procurement, entrusted installation, construction, drafting of completion reports and provision of maintenance services. The term of this agreement will expire on 31 December 2025. The annual caps (in terms of total settlement amount) are RMB141 million, RMB124 million and RMB77 million for the years ended/ending 31 December 2023, 2024 and 2025, respectively.

The transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and are subject to, among other things, the independent shareholders' approval, annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules. The new framework agreement was approved by the independent shareholders of the Company at an extraordinary general meeting held on 20 March 2023.

Actual transaction amount (tax exclusive) for the Year was approximately RMB32,995,000.00.

Further details are set out in the circular of the Company dated 24 February 2023.

DIRECTORS' REPORT (continued)

(3) Gas provision to Tianjin Binran

On 10 November 2023, the Company and Tianjin Binran Pipe Network Construction Co., Ltd (“Tianjin Binran”, an associate of Jinran China Resources) entered into a city gas supply and usage contract pursuant to which the Company agreed to supply natural gas to Tianjin Binran from 1 January 2024 to 31 December 2026. The annual caps are RMB344 million, RMB375 million and RMB408 million for the years ending 31 December 2024, 2025 and 2026, respectively.

Actual transaction amount (tax exclusive) for the Year was approximately RMB282,344,000.

The transactions constitute continuing connected transactions of the Company. They were subject to (among other things) the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. It was approved by the independent shareholders of the Company at an extraordinary general meeting held on 28 December 2023.

More information is set out in the Company's circular dated 7 December 2023.

(4) Renewal of gas supply contract with Jinran China Resources

The gas supply contract dated 15 November 2022 entered into between the Company and Jinran China Resources in respect of the supply of natural gas by Jinran China Resources to the Company expired on 31 March 2024. The annual cap under such original contract for the period from 1 January 2024 to 31 March 2024 was RMB840 million. The Company and Jinran China Resources entered into a new city gas supply and usage contract on 7 February 2024 for the period from 1 April 2024 to 31 March 2027 (“Gas Supply Contract”). The annual caps under the Gas Supply Contract are RMB1,326 million for the period from 1 April to 31 December 2024, RMB2,282 million for year 2025, RMB2,473 million for year 2026, and RMB992 million for the period from 1 January to 31 March 2027, respectively. The Gas Supply Contract was subject to (among other things) the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. It has been approved by the independent shareholders of the Company at an extraordinary general meeting held on 28 March 2024.

DIRECTORS' REPORT (continued)

Actual transaction amount (tax exclusive) for the three months ended 31 March 2024 and the nine months ended 31 December 2024 was approximately RMB576,000,000 and RMB833,000,000, respectively.

More information is set out in the Company's circular dated 5 March 2024.

(5) Procurement of engineer goods and materials from Tianjin Yunfu

The Company and Tianjin Yunfu Gas Technology and Trading Co., Ltd. ("Tianjin Yunfu") entered into the engineer materials procurement framework agreement dated 27 June 2024, setting out the arrangements under which the Company may procure engineer goods and materials from Tianjin Yunfu. The aggregate maximum purchase price for goods and materials under such agreement is RMB9 million (tax inclusive). Tianjin Yunfu is a subsidiary of Jinran China Resources. Such agreement was subject to (among other things) the reporting, announcement and annual review requirements, but was exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Actual transaction amount (tax exclusive) for the Year was approximately RMB193,000.

More information is set out in the Company's announcement dated 27 June 2024.

Annual Review

The independent non-executive Directors have reviewed the above non-exempt continuing connected transactions. In their opinion, these continuing connected transactions were:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either on normal commercial terms or better terms, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms or better terms, on terms no less favourable than terms available to or from independent third parties;
- (iii) in accordance with relevant agreements governing such transactions; and
- (iv) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board (including the independent non-executive Directors) considered that the above continuing connected transactions conducted during the Year have followed the pricing policies and guidelines applicable to them.

DIRECTORS' REPORT (continued)

In addition, the Company's auditors have also confirmed in writing to the Board that nothing has come to their attention which cause them to believe that the continuing connected transactions disclosed above:

- (i) had not been approved by the Board;
- (ii) for transactions involving the provision of goods and services by the Group, were not, in all material respects, in accordance with the pricing policies of the Group governing such transactions;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) had exceed the annual cap as set out in the corresponding announcement made by the Company.

Related Party Transactions

Note XIII (V) to the Financial Statements in this annual report sets out information about related party transactions of the Group. Save for the transactions set out in “– Connected transactions” above, these related party transactions either do not fall within the definition of connected transactions (or continuing connected transactions) under Chapter 14A of the Listing Rules, or were fully-exempt from annual review, reporting, announcement and independent shareholders' approvals requirements under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PERMITTED INDEMNITY

During the Year, the Company has arranged Directors' and officers' liability insurance for all Directors and senior management of the Company. The insurance covers the corresponding costs, charges, expenses and liabilities for legal action of corporate activities against them.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group together accounted for approximately 52.30% of the Group's total turnover for the Year, with the largest customer accounted for approximately 22.84%. The five largest suppliers of the Group together accounted for approximately 98.52% of the Group's total purchases for the Year, with the largest supplier accounted for approximately 95.40%.

Among these major customers and suppliers, (i) Jinran China Resources is a major supplier of the Group and a controlling shareholder of the Company; (ii) Tianjin Lianyi Gas Construction Limited (天津市聯益燃氣配套工程有限責任公司) is a major supplier of the Group and a subsidiary of Tianjin Gas (which holds 51% equity interests in Jinran China Resources); and (iii) Taihua Gas is a major customer of the Group and is indirectly owned as to 70% by Tianjin Gas. Save as the above, at no time during the Year did any of the Directors, their close associates or a Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

DIRECTORS' REPORT (continued)

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and to provide supervision over the financial reporting process and risk management and internal control system of the Group. The Audit Committee comprises the three independent non-executive Directors, Mr. Bai Mo, Mr. Yu Jian Jun and Ms. Ji Xuefeng. The Audit Committee has reviewed the annual report and the results for the Year.

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 as at the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles or the laws of the PRC, 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.

DONATION

The Group did not make any substantive donation during the Year.

AUDITORS

In order to further facilitate the independence and objectivity of the Company's audit process and the audit quality of the Company's financial statements, Ernst & Young Hua Ming LLP retired as the independent auditor of the Company with effect from the conclusion of the annual general meeting of the Company held on 27 June 2023 and was not re-appointed. On the same day, with the recommendation of the audit committee of the Company and the approval of the shareholders of the Company, KPMG Huazhen LLP was appointed as the independent auditor of the Company.

KPMG Huazhen LLP was the independent auditor of the Company for the year ended 31 December 2023. KPMG Huazhen LLP retired as the independent auditor of the Company with effect from the conclusion of the annual general meeting of the Company held on 27 June 2024 and was not re-appointed. On the same day, with the recommendation of the audit committee of the Company and the approval of the shareholders of the Company, Wuyige Certified Public Accountants LLP was appointed as the new independent auditor of the Company.

The consolidated financial statements of the Company for the Year have been audited by Wuyige Certified Public Accountants LLP.

DIRECTORS' REPORT (continued)

The consolidated financial statements of the Company for the year ended 31 December 2023 have been audited by KPMG Huazhen LLP, certified public accountants.

The consolidated financial statements of the Company for the year ended 31 December 2022 and 31 December 2021 have been audited by Ernst & Young Hua Ming LLP, certified public accountants.

Save as disclosed above, there was no change in auditor of the Company in the past three years.

SIGNIFICANT CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, (i) no contract of significance has been entered into during the Year between the Company or any of its subsidiaries, and a controlling shareholder of the Company or any of its subsidiaries; and (ii) no contract of significance has been entered into for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries.

EQUITY-LINKED AGREEMENTS

During the Year, the Company has not entered into any equity-linked agreement and no such agreement subsisted at the end of the Year.

Annual General Meeting And Book Closure Period

The annual general meeting of the Company (the "AGM") will be held on 27 June 2025 (Friday). To ascertain the entitlement to attend, speak and vote at the AGM, the register of members of the Company will be closed from 24 June 2025 (Tuesday) to 27 June 2025 (Friday) (both days inclusive) during which no transfer of shares will be registered. In order to be eligible to attend, speak and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 23 June 2025 (Monday).

On behalf of the Board
Tianjin Jinran Public Utilities Company Limited
Wang Cong
Chairman of the Board

SUPERVISORY COMMITTEE'S REPORT

WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2024

In 2024, the members of the Supervisory Committee of Tianjin Jinran Public Utilities Company Limited (the "Company"), in the spirit of being responsible to all shareholders, earnestly performed their supervision duties in accordance with the Company Law of the People's Republic of China, the Articles of Association of the Company and the Listing Rules. In 2024, the members of the Supervisory Committee attended or present at all the general meetings and board meetings, actively participated in the review of major decision-making of the Company, and overseeing the interests of the shareholders, the Company and the employees to the greatest extent according to law. The below reported specific works performed by the Supervisory Committee in 2024:

I. Meetings of the Supervisory Committee

On 28 March 2024, the ninth meeting of the seventh session of the Supervisory Committee was convened by the Company, at which, the Resolution on the Work Report of the Supervisory Committee for 2023 and the Resolution on the Annual Report of the Company for 2023 and its Publication on the Website of the Hong Kong Stock Exchange were considered and approved.

On 9 May 2024, the tenth meeting of the seventh session of the Supervisory Committee was convened by the Company, at which, the Resolution on the Election of the Supervisory Committee of the Company was considered and approved.

On 27 June 2024, the first meeting of the eighth session of the Supervisory Committee was convened by the Company, at which, the Resolution on the Election of the Chairman of Supervisory Committee of the Company was considered and approved.

On 28 August 2024, the second meeting of the eighth session of the Supervisory Committee was convened by the Company, at which, the Resolution on the 2024 Interim Report of the Company and its Publication on the Website of the Hong Kong Stock Exchange was considered and approved.

On 30 December 2024, the third meeting of the eighth session of the Supervisory Committee was convened by the Company, at which, the Resolution on the Change of Supervisor of the Company was considered and approved.

II. Independent opinions of the Supervisory Committee on relevant matters of the Company

1. Company's compliance in operations

During the reporting period, members of the Supervisory Committee learned about the major business decision-making process of the Company by attending or presenting the board meetings and the general meeting of the Company, and inspected and supervised the financial position and operation of the Company. The Supervisory Committee believes that the operations of the Company in 2024 were conducted in strict accordance with the Company Law, the Articles of Association, the Listing Rules and other relevant laws and regulations, and the operation decisions are scientific and reasonable. The Company has established and continuously improved the internal management and internal control system, and formed an effective internal control mechanism. The directors and senior management of the Company performed their duties diligently in compliance with the national laws, regulations, Articles of Association and systems, and safeguard the interests of the Company. No incidents of violations of laws, regulations nor behaviors to harm the interests of the Company and minority shareholders were discovered.

SUPERVISORY COMMITTEE'S REPORT (continued)

2. Financial activities of the Company

During the reporting period, the Supervisory Committee of the Company carefully inspected and reviewed the financial statements and financial information of the Company. According to the audit report issued by Wuyige Certified Public Accountants LLP, the Supervisory Committee believes that the financial report of the Company for the year 2024 presented a true and objective view of the financial position and operating results of the Company.

3. Connected transactions of the Company

During the reporting period, the Supervisory Committee supervised the Board in their approval of the following proposals on connected transactions:

- (1) The Resolution on the Signing of the Gas Supply Contract for 2024-2027 with Jinran China Resources Gas Co., Ltd. (津燃華潤燃氣有限公司);
- (2) The Resolution on the Related Transaction of the Procurement of Engineering Materials;

In addition to the above-mentioned connected transactions, other connected transactions in ordinary operations did not exceed the cap of relevant regulations. The Supervisory Committee believes that the connected transactions of the Company in the year 2024 were conducted on normal commercial terms and in compliance with the provisions of the national laws, regulations and the Articles of Association, and fulfilled the obligation of information disclosure in accordance with the Listing Rules.

III. Work plan for 2025

In 2025, the members of the Supervisory Committee of the Company will continue to earnestly study the relevant national laws and regulations, improve their professional ability and strengthen their awareness of supervision and performance of their duties of diligence. In the spirit of being responsible to the shareholders and the employees of the Company, the members will, with the Company's operations as the core, effectively supervise the Company's major decision-making matters by attending the board meetings and the general meeting. We will urge and further strengthen the Company's risk prevention awareness, further improve the Company's internal control system, and facilitate the Company's standardized operation and sustainable and healthy development.

Supervisory Committee of Tianjin Jinran Public Utilities Company Limited
28 March 2025



大信會計師事務所（特殊普通合伙）

WUYIGE Certified Public Accountants LLP

大信會計師事務所

北京市海澱區知春路1號

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網址Internet: www.daxincpa.com.cn

Daxin Shen Zi [2025] No. 1-02286

The Shareholders of Tianjin Jinran Public Utilities Company Limited:

1. OPINION

We have audited the financial statements of TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED (the “Company”), which comprise the consolidated and company balance sheets as at 31 December 2024, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders’ equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of TIANJIN JINRAN PUBLIC as at 31 December 2024, and the consolidated and company financial performance and cash flows of TIANJIN JINRAN PUBLIC for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China.

2. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *China Code of Ethics for Certified Public 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.

AUDITOR'S REPORT (continued)

Daxin Shen Zi [2025] No. 1-02286

3. KEY AUDIT MATTERS

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

(I) Revenue recognition

Refer to the accounting policies set out in Note (XXI) under *III. Significant Accounting Policies and Accounting Estimates*, and Note (XXX) under *VI. Notes to Key Items of the Company's Financial Statements*.

1. Sales revenue of natural gas

(1) Description

The Company is mainly engaged in the sales of natural gas, specifically covering residential gas supply, industrial gas supply, commercial gas supply, heating gas supply, as well as wholesale gas supply. In 2024, the Company's natural gas sales revenue amounted to RMB1,559,157,200, accounting for 97.73% of the total revenue.

As gas sales are of great significance to the Company and have a substantial impact on its profits, affecting key business indicators, there is a relatively high inherent risk of misstatement. Therefore, the revenue recognition of the Company's gas sales is identified as a key audit matter in the current period.

(2) Method of audit

- 1) Understand and evaluate the relevant key internal controls over the revenue recognition of natural gas to verify the design and operational effectiveness of relevant internal controls;
- 2) Compare and analyze the revenue recognition policy with the listed companies in the same industry;

3. KEY AUDIT MATTERS *(continued)*

(I) Revenue recognition *(continued)*

1. Sales revenue of natural gas *(continued)*

(2) Method of audit (continued)

- 3) Check the sales contract to understand the main contract terms or conditions and evaluate whether the revenue recognition method of the Company are consistent with the requirements of the Accounting Standards for Business Enterprises;
- 4) Carry out analysis procedures for revenue and gross profit margin by product, and compare with the peers to identify whether there are significant abnormal fluctuations and analyze the reasons therefor;
- 5) Select important customers to check whether there is preferential price in the sales contract, and recalculate the natural gas sales revenue for the current year according to the natural gas sales price documents issued by the Tianjin Development and Reform Commission;
- 6) Perform sample check on the supporting documents relative to revenue recognition, including sales contracts, sales invoices, meter reading sheets, etc., and carry out on-site inspection of end-of-period flow meter readings for some large users;
- 7) Select important customers to carry out confirmation procedures for the quantity and amount of relevant transactions;
- 8) Compare the revenue for the current period with the same period of last year to analyze whether the reasons for the change in revenue are reasonable.

AUDITOR'S REPORT (continued)

Daxin Shen Zi [2025] No. 1-02286

3. KEY AUDIT MATTERS (continued)

(I) Revenue recognition (continued)

2. Sales revenue of gas network connection

(1) Description

In 2024, the Company recognised gas connection income of RMB33,828,600. The revenue from gas connection contracts is recognised by using the completion of performance obligation, measured by reference to the proportion of cost incurred to date to the estimated total cost of the relevant contracts. When determining the estimated total cost of contracts and the cost incurred, significant estimates are involved.

Due to the significance of the revenue from gas pipeline connection to the Company, the revenue recognition of gas pipeline connection of the Company was identified as a key audit matter for the current period.

(2) Method of audit

- 1) Understand and evaluate the relevant key internal controls over the revenue recognition of gas pipeline connection to verify the design and operational effectiveness of relevant internal controls;
- 2) Obtain management's calculation working sheet on the completed and on-going gas connection projects as at 31 December 2024, and check relevant inputs involved, including the gas pipeline connection revenue contracts, the construction cost costs contracts, design and supervision cost, the installation cost for gas meters, construction progress of the connection project, revenue recognised during the current period and the project cost recognised during the current period;
- 3) Examine the relevant contracts, bank payment slips, the report of construction progress status which has been confirmed by the supervision party and the final account report of completion which has been confirmed by the three parties, and evaluate and confirm the rationality and accuracy of the completion of performance obligation of the completed and on-going gas connection projects as at 31 December 2024;

AUDITOR'S REPORT (continued)

Daxin Shen Zi [2025] No. 1-02286

3. KEY AUDIT MATTERS *(continued)*

(I) Revenue recognition *(continued)*

2. Sales revenue from gas pipeline connection *(continued)*

(2) Method of audit *(continued)*

- 4) Assess the adequacy of disclosures related to the revenue recognition of gas pipeline connection in the financial statements made by management.

4. OTHER INFORMATION

The management of the Company is responsible for the other information. The other information comprises the information included in 2024 annual report of the Company, other than the financial statements and our auditor's report thereon.

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

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

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

AUDITOR'S REPORT (continued)

Daxin Shen Zi [2025] No. 1-02286

5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

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

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

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S REPORT (continued)

Daxin Shen Zi [2025] No. 1-02286

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: *(continued)*

- (2) 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.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

AUDITOR'S REPORT (continued)

Daxin Shen Zi [2025] No. 1-02286

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Wuyige Certified Public Accountants LLP Certified Public Accountant of China:
Liu Yong
(Engagement Partner)

Beijing, China Certified Public Accountant of China:
Xu Xinbo

28 March 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Notes	Closing balance	Opening balance
CURRENT ASSETS:			
Cash and bank balances	VI (I)	694,923,802.41	789,606,526.80
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivables	VI (II)	238,095,204.64	192,300,181.77
Receivables financing	VI (III)	16,197,905.68	93,811,058.30
Prepayments	VI (IV)	3,099,572.73	1,235,236.74
Other receivables	VI (V)	1,013,407.94	1,914,926.56
Including: Interest receivable			
Dividend receivables			
Inventories	VI (VI)	1,680,286.67	2,035,300.70
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	VI (VII)	874,941.53	896,986.69
Total current assets		955,885,121.60	1,081,800,217.56
NON-CURRENT ASSETS:			
Investment in debt			
Other debt investments			
Long-term receivables			
Long-term equity investments	VI (VIII)	53,606,944.82	53,896,495.69
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets	VI (IX)	756,053,139.59	790,024,131.72
Construction in progress	VI (X)	31,605,432.27	18,783,002.67
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VI (XI)	1,721,287.53	1,115,054.30
Intangible assets	VI (XII)	10,192,438.16	10,674,909.70
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets	VI (XIII)	70,679,182.54	69,048,094.71
Other non-current assets	VI (XIV)	151,004,476.20	152,056,630.68
Total non-current assets		1,074,862,901.11	1,095,598,319.47
TOTAL ASSETS		2,030,748,022.71	2,177,398,537.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Notes	Closing balance	Opening balance
CURRENT LIABILITIES:			
Short-term loan			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payables	VI (XVI)	192,298,693.30	296,882,410.08
Advances received			
Contract liabilities	VI (XVII)	281,684,127.55	277,406,667.12
Employee benefits payables	VI (XVIII)	16,685,508.79	18,654,491.01
Taxes and surcharges payables	VI (XIX)	2,729,703.68	8,548,069.90
Other payables	VI (XX)	23,225,605.31	23,146,201.41
Including: Interest payable			
Dividends payable		10,974,939.71	10,974,939.71
Liabilities held for sale			
Non-current liabilities due within one year	VI (XXI)	1,214,547.60	557,280.42
Other current liabilities	VI (XXII)	25,351,571.39	24,950,086.32
Total current liabilities		543,189,757.62	650,145,206.26
NON-CURRENT LIABILITIES:			
Long-term loan			
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VI (XXIII)	561,502.17	577,964.91
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	VI (XXIV)	103,356,380.07	96,941,785.44
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		103,917,882.24	97,519,750.35
Total liabilities		647,107,639.86	747,664,956.61

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Notes	Closing balance	Opening balance
SHAREHOLDERS' EQUITY:			
Share capital	VI (XXV)	183,930,780.00	183,930,780.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	VI (XXVI)	790,332,352.18	790,332,352.18
Less: treasury stocks			
Other comprehensive income			
Specialised reserve	VI (XXVII)	3,014.70	361.02
Surplus reserve	VI (XXVIII)	128,277,523.13	128,277,523.13
Retained earnings	VI (XXIX)	281,802,899.37	328,132,030.25
Total equity attributable to Shareholders of the parent company		1,384,346,569.38	1,430,673,046.58
Non-controlling interests		-706,186.53	-939,466.16
Total Shareholders' equity		1,383,640,382.85	1,429,733,580.42
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,030,748,022.71	2,177,398,537.03

Legal Representative
Wang Cong
(Signature and seal)

Chief Financial Officer
Sun Liangchuan
(Signature and seal)

Head of Accounting Department
Zhao Fengli
(Signature and seal)

STATEMENT OF FINANCIAL POSITION OF THE PARENT

31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Notes	Closing balance	Opening balance
CURRENT ASSETS:			
Cash and bank balances	XIV (I)	694,754,472.94	789,315,145.77
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivables	XIV (II)	238,095,204.64	192,300,181.77
Receivables financing		16,197,905.68	93,811,058.30
Prepayments		3,098,322.48	1,235,186.49
Other receivables	XIV (III)	5,584,136.51	6,044,842.13
Including: Interest receivable			
Dividend receivables			
Inventories		1,680,286.67	2,035,300.70
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		874,939.24	874,939.24
Total current assets		960,285,268.16	1,085,616,654.40
NON-CURRENT ASSETS:			
Investment in debt			
Other debt investments			
Long-term receivables			
Long-term equity investments	XIV (IV)	53,606,944.82	53,896,495.69
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets	XIV (V)	756,053,139.59	790,024,131.72
Construction in progress		31,605,432.27	18,783,002.67
Productive biological assets			
Oil and gas assets			
Right-of-use assets		1,721,287.53	1,115,054.30
Intangible assets		10,192,438.16	10,674,909.70
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets		75,679,182.54	74,048,094.71
Other non-current assets		151,004,476.20	152,056,630.68
Total non-current assets		1,079,862,901.11	1,100,598,319.47
TOTAL ASSETS		2,040,148,169.27	2,186,214,973.87

STATEMENT OF FINANCIAL POSITION OF THE PARENT (continued)

31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Closing balance	Opening balance
CURRENT LIABILITIES:			
Short-term loan			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		192,252,693.30	296,836,410.08
Advances received			
Contract liabilities		281,684,127.55	277,406,667.12
Employee benefits payable		16,685,217.33	18,654,199.55
Taxes and surcharges payable		2,708,076.54	8,526,262.76
Other payables		23,151,791.51	20,544,833.41
including: Interest payable			
Dividend payable		10,974,939.71	10,974,939.71
Liabilities held-for-sale			
Non-current liabilities due within one year		1,214,547.60	557,280.42
Other current liabilities		25,351,571.39	24,950,086.32
Total current liabilities		543,048,025.22	647,475,739.66
NON-CURRENT LIABILITIES:			
Long-term loan			
Bonds payable			
including: Preferred shares			
Perpetual bond			
Lease liabilities		561,502.17	577,964.91
Long-term payables			
Long-term employee benefits payables			
Estimated liabilities			
Deferred income		103,356,380.07	96,941,785.44
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		103,917,882.24	97,519,750.35
Total liabilities		646,965,907.46	744,995,490.01

STATEMENT OF FINANCIAL POSITION OF THE PARENT (continued)

31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Closing balance	Opening balance
OWNERS' EQUITY:			
Share capital		183,930,780.00	183,930,780.00
Other equity instruments			
including: Preferred shares			
Perpetual bond			
Capital reserve		790,332,352.18	790,332,352.18
Less: Treasury shares			
Other comprehensive income			
Specialised reserve		3,014.70	361.02
Surplus reserve		128,277,523.13	128,277,523.13
Retained earnings		290,638,591.80	338,678,467.53
Total owners' equity		1,393,182,261.81	1,441,219,483.86
TOTAL LIABILITIES AND OWNERS' EQUITY		2,040,148,169.27	2,186,214,973.87

Legal Representative
Wang Cong
(Signature and seal)

Chief Financial Officer
Sun Liangchuan
(Signature and seal)

Head of Accounting Department
Zhao Fengli
(Signature and seal)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Notes	Current period	Last period
I. Operating income		1,595,299,972.10	1,780,527,288.76
including: Operating income	VI (XXX)	1,595,299,972.10	1,780,527,288.76
II. Total operating cost		1,649,289,414.68	1,863,469,316.60
including: Operating costs	VI (XXX)	1,628,041,790.88	1,852,080,540.87
Taxes and surcharges	VI (XXXI)	1,734,852.07	1,554,146.67
Selling expenses			
Administrative expenses	VI (XXXII)	34,579,493.67	34,432,350.23
Research and development expenses			
Financial expense	VI (XXXIII)	-15,066,721.94	-24,597,721.17
including: interest expenses		93,227.79	62,080.97
interest income		15,392,937.62	24,888,696.81
Add: Other income	VI (XXXIV)	5,454,907.94	5,057,193.03
Investment income			
(Loss represented in “-” signs)	VI (XXXV)	-292,204.55	-753,438.05
including: income from investment			
in an associate and			
joint venture		-292,204.55	-753,438.05
Derecognition income			
of financial asset			
measured at the			
amortized cost			
Gain from net exposure hedges (Loss			
represented in “-” signs)			
Gain on fair value changes (Loss			
represented in “-” signs)			
Loss of credit impairment (Loss			
represented in “-” signs)	VI (XXXVI)	-75,185.47	690,798.90
Asset impairment loss (Loss			
represented in “-” signs)	VI (XXXVII)	-	-86,914,475.13
Disposal gain on asset (Loss			
represented in “-” signs)			
III. Operating profit (Loss represented in “-” signs)		-48,901,924.66	-164,861,949.09
Add: Non-operating income	VI (XXXVIII)	2,500,039.50	4,219.69
Less: Non-operating expenses	VI (XXXIX)	1,325,053.92	602,583.38
IV. Total profit (Total loss represented in “-” signs)		-47,726,939.08	-165,460,312.78
Less: Income tax	VI (XL)	-1,631,087.83	-10,265,324.96
V. Net profit (Net loss represented in “-” signs)		-46,095,851.25	-155,194,987.82
(I) Classified by continuity of operations:			
1. Net profit from continuing operations			
(Net loss represented in “-” signs)		-46,095,851.25	-155,194,987.82
2. Net profit from discontinued operations			
(Net loss represented in “-” signs)			
(II) Classified by ownership:			
1. Net profit attributable to owners (or			
shareholders) of the parent company			
(Net loss represented in “-” signs)		-46,329,130.88	-155,172,721.73
2. Profit or loss attributable to non-			
controlling interests (Net loss			
represented in “-” signs)		233,279.63	-22,266.09

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

For the year ended 31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Current period	Last period
VI. Other comprehensive income, net of tax			
(I) Net other comprehensive income attributable to owners (or shareholders) of the parent company after tax			
1. Other comprehensive income that cannot be reclassified to profit or loss			
(1) Changes arising from remeasurement of defined benefit plan			
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
(3) Changes in fair value of other equity instrument investments			
(4) Change in fair value due to enterprise's own credit risk			
2. Other comprehensive income that will be reclassified to profit and loss			
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method			
(2) Changes in fair value of other debt investment			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Credit impairment provisions for other debt investments			
(5) Reserves for cash flow hedge			
(6) Exchange difference on translation of financial statement in foreign currency			
(7) Others			
(II) Other comprehensive income attributable to non-controlling interests, net of tax			

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

For the year ended 31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Notes	Current period	Last period
VII. Total comprehensive income		-46,095,851.25	-155,194,987.82
(I) Total comprehensive income attributable to owners of the parent company		-46,329,130.88	-155,172,721.73
(II) Total comprehensive income attributable to non-controlling interests		233,279.63	-22,266.09
VIII. Earning per share			
(I) Basic earning per share	VI (XLI)	-0.025	-0.084
(II) Diluted earning per share	VI (XLI)	-0.025	-0.084

Legal Representative
Wang Cong
(Signature and seal)

Chief Financial Officer
Sun Liangchuan
(Signature and seal)

Head of Accounting Department
Zhao Fengli
(Signature and seal)

STATEMENT OF PROFIT OR LOSS OF THE PARENT

For the year ended 31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Current period	Last period
I. Operating income	XIV (VI)	1,595,299,972.10	1,780,527,288.76
Less: Operating costs	XIV (VI)	1,628,041,790.88	1,852,080,540.87
Taxes and surcharges		1,734,852.07	1,553,289.27
Selling expenses			
Administrative expenses		34,026,340.72	34,244,597.02
Research and development expenses			
Financial expense		-15,069,544.51	-24,599,024.70
including: interest expenses		93,227.79	62,080.97
interest income		15,392,523.09	24,888,037.04
Add: Other income		5,454,907.94	5,057,193.03
Investment income (Loss represented in “-” signs)	XIV (VII)	-292,204.55	-753,438.05
including: income from investment in an associate and joint venture		-292,204.55	-753,438.05
Derecognition income of financial asset measured at the amortized cost			
Gain from net exposure hedges (Loss represented in “-” signs)			
Gain on fair value changes (Loss represented in “-” signs)			
Loss of credit impairment (Loss represented in “-” signs)		-75,185.47	690,798.90
Asset impairment loss (Loss represented in “-” signs)			-86,914,475.13
Disposal gain on asset (Loss represented in “-” signs)			
II. Operating profit (Loss represented in “-” signs)		-48,345,949.14	-164,672,034.95
Add: Non-operating income		39.50	4,219.69
Less: Non-operating expenses		1,325,053.92	602,583.38
III. Total profit (Total loss represented in “-” signs)		-49,670,963.56	-165,270,398.64
Less: Income tax		-1,631,087.83	-10,265,324.96
IV. Net profit (Net loss represented in “-” signs)		-48,039,875.73	-155,005,073.68
(I) Net profit from continuing operations (Net loss represented in “-” signs)		-48,039,875.73	-155,005,073.68
(II) Net profit from discontinued operations (Net loss represented in “-” signs)			

STATEMENT OF PROFIT OR LOSS OF THE PARENT (continued)

For the year ended 31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Current period	Last period
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified to profit or loss			
1. Changes arising from remeasurement of defined benefit plan			
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Change in fair value due to enterprise's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt investment			
3. Amount of financial assets reclassified into other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Reserves for cash flow hedge			
6. Exchange difference on translation of financial statement in foreign currency			
7. Others			
VI. Total comprehensive income		-48,039,875.73	-155,005,073.68

Legal Representative
Wang Cong
(Signature and seal)

Chief Financial Officer
Sun Liangchuan
(Signature and seal)

Head of Accounting Department
Zhao Fengli
(Signature and seal)

CONSOLIDATED STATEMENT OF CASH FLOWS

31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Current period	Last period
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		1,624,681,333.65	2,009,816,105.94
Refunds of taxes			
Cash received relating to other operating activities		24,914,449.14	31,838,844.26
Sub-total of cash inflows from operating activities		1,649,595,782.79	2,041,654,950.20
Cash paid for goods and services		1,584,032,704.90	1,947,212,553.54
Cash paid to and on behalf of employees		120,150,163.28	130,543,609.59
Cash paid for all types of taxes		5,668,564.03	4,189,085.30
Cash paid relating to other operating activities		16,931,269.49	22,345,911.38
Sub-total of cash outflows from operating activities		1,726,782,701.70	2,104,291,159.81
Net cash flows from operating activities	VI (XLII)	-77,186,918.91	-62,636,209.61
II. Cash flows from investing activities:			
Cash received from redemption of investments			100,000,000.00
Cash received from income on investments			3,192,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		19,902.90	74,995.99
Net cash received on disposal of subsidiaries and other operating units			
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		19,902.90	103,266,995.99
Cash paid for acquisitions of fixed assets, intangible assets, and other long-term assets		17,515,929.85	128,711,515.04
Cash paid for acquisition of investments			86,500,000.00

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Current period	Last period
Net cash payments received from subsidiaries and other operating units			
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		17,515,929.85	215,211,515.04
Net cash flows from investing activities		-17,496,026.95	-111,944,519.05
III. Cash flows from financing activities:			
Cash received from investment			
Including: Cash received from investment by minority shareholders of subsidiaries			
Cash received from borrowings			
Cash received relating to other investing activities			
Sub-total of cash inflows from financing activities			
Cash paid for repayment of debts			
Cash paid for dividends, profits or interests payment			
Including: dividends and profits payment to minority shareholders of subsidiaries			
Cash paid relating to other investing activities			
Sub-total of cash outflows from financing activities			
Net cash flows from financing activities			
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-94,682,945.86	-174,580,728.66
Add: Cash and cash equivalents at beginning of the period		789,472,606.25	964,053,334.91
VI. Balance of cash and cash equivalents at the end of the period		694,789,660.39	789,472,606.25

Legal Representative
Wang Cong
(Signature and seal)

Chief Financial Officer
Sun Liangchuan
(Signature and seal)

Head of Accounting Department
Zhao Fengli
(Signature and seal)

STATEMENT OF CASH FLOWS OF THE PARENT

31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Current period	Last period
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		1,624,681,333.65	2,009,816,105.94
Refunds of taxes			
Cash received relating to other operating activities		24,913,856.08	31,838,184.49
Sub-total of cash inflows from operating activities		1,649,595,189.73	2,041,654,290.43
Cash paid for goods and services		1,584,032,704.90	1,947,212,553.54
Cash paid to and on behalf of employees		120,015,123.28	130,408,983.59
Cash paid for all types of taxes		5,668,561.74	4,187,926.50
Cash paid relating to other operating activities		16,943,445.69	22,411,744.08
Sub-total of cash outflows from operating activities		1,726,659,835.61	2,104,221,207.71
Net cash flows from operating activities		-77,064,645.88	-62,566,917.28
II. Cash flows from investing activities:			
Cash received from redemption of investments			100,000,000.00
Cash received from income on investments			3,192,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		19,902.90	74,995.99
Net cash received on disposal of subsidiaries and other operating units			
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		19,902.90	103,266,995.99
Cash paid for acquisitions of fixed assets, intangible assets, and other long-term assets		17,515,929.85	128,711,515.04
Cash paid for acquisition of investments			86,500,000.00
Net cash payments received from subsidiaries and other operating units			
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		17,515,929.85	215,211,515.04
Net cash flows from investing activities		-17,496,026.95	-111,944,519.05

STATEMENT OF CASH FLOWS OF THE PARENT (continued)

31 December 2024

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Current period	Last period
III. Cash flows from financing activities:			
Cash received from investment			
Cash received from borrowings			
Cash received relating to other financing activities			
Sub-total of cash inflows from financing activities			
Cash paid for repayment of debts			
Cash paid for dividends, profits or interests payment			
Cash paid relating to other financing activities			
Sub-total of cash outflows from financing activities			
Net cash flows from financing activities			
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-94,560,672.83	-174,511,436.33
Add: Cash and cash equivalents at beginning of the period		789,315,145.77	963,826,582.10
VI. Balance of cash and cash equivalents at the end of the period		694,754,472.94	789,315,145.77

Legal Representative
Wang Cong
(Signature and seal)

Chief Financial Officer
Sun Liangchuan
(Signature and seal)

Head of Accounting Department
Zhao Fengli
(Signature and seal)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2024

Unit: Renminbi Yuan

Prepared by: Tianjin Jinran Public Utilities Company Limited

Items	Current period							Total owners' equity (or shareholders' equity)					
	Attributable to owners (or shareholders) of the Parent												
	Share capital	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Specialised reserve	Surplus reserve	Retained earnings	Sub-total	Minority shareholder interests	
I. Balance at the end of last year	183,930,780.00				790,332,352.18			361.02	128,277,523.13	328,132,030.25	1,430,673,046.58	-939,466.16	1,429,733,580.42
Add: changes in accounting policies													
Correction of errors in prior period													
Others													
II. Balance at beginning of the year	183,930,780.00				790,332,352.18			361.02	128,277,523.13	328,132,030.25	1,430,673,046.58	-939,466.16	1,429,733,580.42
III. Movements during the year (with "+" for decrease)								2,653.68		-46,329,130.88	-46,326,477.20	233,279.63	-46,093,197.57
(i) Total comprehensive income										-46,329,130.88	-46,329,130.88	233,279.63	-46,095,851.25
(ii) Capital contributions and withdrawals by owners													
1. Ordinary shares contributed by owners													
2. Capital contributed by holders of other equity													
3. Share-based payment recorded in owners' equity													
4. Others													
(iii) Profit distribution													
1. Extraction of surplus reserve													
2. Distribution to owners (or shareholders)													
3. Others													
(iv) Internal transfer of owners' equity													
1. Transfer of capital reserve into capital (or share capital)													
2. Transfer of surplus reserve into capital (or share capital)													
3. Recover of loss by surplus reserve													
4. Changes in defined benefit scheme transferred to retained earnings													
5. Other comprehensive income transferred to retained earnings													
6. Others								2,653.68			2,653.68		2,653.68
(v) Specialised reserve													
1. Appropriation for the current period								14,361,520.17			14,361,520.17		14,361,520.17
2. Utilisation for the current period								14,358,866.49			14,358,866.49		14,358,866.49
(vi) Others													
IV. Closing balance	183,930,780.00				790,332,352.18			3,014.70	128,277,523.13	281,802,899.37	1,384,346,569.38	-706,186.53	1,383,640,382.85

Legal Representative
Wang Cong
(Signature and seal)

Chief Financial Officer
Sun Liangchuan
(Signature and seal)

Head of Accounting Department
Zhao Fengli
(Signature and seal)

31 December 2024

Unit: Renminbi Yuan

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STATEMENT OF CHANGES IN EQUITY OF THE PARENT

31 December 2024

Unit: Renminbi Yuan

Prepared by: Tianjin Jinran Public Utilities Company Limited

Item	The current period						Total owners' equity (or shareholders' equity)
	Share capital	Preference shares	Other equity instruments	Others	Capital reserve	Less: treasury shares	
I. Balance at the end of last year	183,930,780.00				790,332,352.18		
Add: changes in accounting policies							
Correction of errors in prior period							
Others							
II. At beginning of the year	183,930,780.00				790,332,352.18		
III. Movements during the year							
(i) Total comprehensive income							
(ii) Capital contributions and withdrawals by owners							
1. Ordinary shares contributed by owners							
2. Capital contributed by holders of other equity							
3. Share-based payment recorded in owners' equity							
4. Others							
(iii) Profit distribution							
1. Extraction of surplus reserve							
2. Distribution to owners (or shareholders)							
3. Others							
(iv) Internal transfer of owners' equity							
1. Transfer of capital reserve into capital (or share capital)							
2. Transfer of surplus reserve into capital (or share capital)							
3. Recover of loss by surplus reserve							
4. Changes in defined benefit scheme transferred to retained earnings							
5. Other comprehensive income transferred to retained earnings							
6. Others							
(v) Specialised reserve							
1. Appropriation for the current period							
2. Utilisation for the current period							
(vi) Others							
IV. Closing balance	183,930,780.00				790,332,352.18		
						3,014.70	2,653.68
						14,361,520.17	14,361,520.17
						14,358,866.49	14,358,866.49
						128,277,523.13	338,678,467.53
						128,277,523.13	338,678,467.53
						2,653.68	-48,039,875.73
							-48,039,875.73
							1,441,219,483.86
							1,441,219,483.86
							-48,039,875.73
							-48,039,875.73
							2,653.68
							14,361,520.17
							14,358,866.49
							2,653.68
							1,393,182,261.81

Legal Representative
Wang Cong
(Signature and seal)

Chief Financial Officer
Sun Liangchuan
(Signature and seal)

Head of Accounting Department
Zhao Fengli
(Signature and seal)

31 December 2024

Unit: Renminbi Yuan

Legal Representative	Chief Financial Officer	Head of Accounting Department
Wang Cong	Sun Liangchuan	Zhao Fengli
(Signature and seal)	(Signature and seal)	(Signature and seal)

NOTES TO FINANCIAL STATEMENTS

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

I. BASIC CORPORATE INFORMATION

Tianjin Jinran Public Utilities Company Limited (the “Company”) is a joint stock limited company registered in Tianjin, the People’s Republic of China on 16 December 1998. The Company’s overseas listed foreign shares (“H shares”) were listed on the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The Company’s registered capital is RMB183,930,780, the legal representative is Wang Cong, and the registered place is located at Weishan Road, Chang Qing Science, Industry and Trade Park, Jinnan District, Tianjin.

The business scope of the Company includes:

Permitted items: operation of gas; installation and repair of gas-fired appliance; construction design; inspection and testing of special equipment; installation, upgrading and repair of special equipment; design of special equipment; interior decoration of residential properties; gas vehicles refueling business; road transport of dangerous goods; concurrent-business insurance agent services; project construction (except for construction and operation of nuclear power plants and construction of civil airports). (For items that are subject to approval in accordance with the laws, business activities can only be conducted after obtaining approval(s) from the relevant departments, and the actual business projects as approved under the approval documents or license documents granted by the relevant departments shall prevail)

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

I. BASIC CORPORATE INFORMATION *(continued)*

General items: fire-fighting technical services; food sales (sales of prepackaged food only); production of gas appliances; sales of instruments and meters; repair of instruments and meters; engineering management services; lease of special equipment; sales of special equipment; repair of general equipment; repair of special equipment; maintenance of electronic and mechanical equipment (excluding special equipment); sales of non-electric household appliances; sales of gas, liquid separation and purification equipment; sales of household appliances; installation service of household appliances; sales of spare parts for household appliances; sales of fire-fighting equipment; retail of kitchenware and sanitary ware and daily grocery; retail of hardware products; sales of metal products; sales of valves and cocks; sales of pipeline transportation equipment; sales of vending machines; internet sales (except for sales of licensed goods); advertising release; advertising design and agency; heat production and supply; research and development of emerging energy technologies; contractual energy management; cooling services; operational efficiency evaluation services; research and development of waste heat, pressure and gas utilization technology; energy-saving management services; centralized fast-charging stations; lease of batteries; sales of charging motor vehicles; sales of charging piles; operation of electric vehicle charging infrastructure; sales of hydrogen refueling and hydrogen storage facilities; sales of photovoltaic equipment and components; lease of photovoltaic power generation equipment; sales of solar thermal utilization products; sales of solar thermal utilization equipment; solar power generation technical services; sales of solar thermal power generation products; sales of solar thermal power generation equipment; retail of computer hardware and software and ancillary equipment; sales of network equipment; sales of internet equipment; sales of information security equipment; sales of intelligent unmanned aerial vehicles; sales of intelligent robots; research and development of IoT technology; technical services of cloud computing equipment; IoT application services; information technology consulting services; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion (shall not engage in the development and application of human stem cell technology; shall not engage in the development and application of human gene diagnosis and treatment technology); lease of non-residential real estate; housing lease; pipeline transportation over land. (Except for items subject to approval according to law, independently carry out business activities according to law with business license) (shall not invest in areas prohibited by the Negative List for Foreign Investment Access)

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared on a going concern basis in respect of actual transactions and matters, in accordance with the “Accounting Standards for Business Enterprises – General Principles” and specific accounting standards (together referred to as the “Accounting Standards for Business Enterprises”) promulgated by the Ministry of Finance, and based on the following significant accounting policies and estimates.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(I) STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

These financial statements of the Company present truly and completely the financial position of the Company as at 31 December 2024 and its operating results and cash flow for the year ended 31 December 2024 in accordance with the requirements of Accounting Standards for Business Enterprises.

(II) Accounting period

The accounting year for the Company is from 1 January to 31 December of each calendar year.

(III) Functional currency

The Company’s functional currency is Renminbi.

(IV) Basis of accounting and principle of measurement

The basis of the Company’s accounting is based on the accrual basis and the principle of measurement is based on the historical cost basis except for transactional financial assets/liabilities, derivative financial instruments, other bond investments, other equity instruments investments and share-based cash payment which are measured at fair values. If the assets are impaired, the corresponding allowance shall be provided in accordance with relevant requirements.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(V) Business combinations

1. Business combinations involving entities under common control

For a long-term equity investment acquired through business combinations involving entities under common control where the consideration was settled by cash, non-cash assets transferred or liabilities assumed, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree at the date of combination in the consolidated financial statements of the ultimate controlling party. If the consideration of the combination is satisfied by the issue of equity instruments, the aggregate nominal amount of the issued shares is accounted for as share capital. The difference between the initial investment costs of the long-term equity investment and the carrying amount of the consideration paid for the combination (or the aggregate nominal amount of issued shares) shall be adjusted to capital surplus. If the capital surplus is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages that involve multiple transactions, the Company determines whether it is a "package deal". If it is a "package deal", transactions as a whole are treated as one transaction obtaining the right to control in accounting treatment. If it is not a "package deal", the initial investment cost of such investment is the attributable share of carrying amount of owners' equity of the combined party calculated on the basis of shareholding proportion at the date of combination in the parent company's financial statements. The difference between the initial investment cost and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired share is adjusted to capital reserve (share premium). If the capital surplus is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(V) Business combinations *(continued)*

2. Business combinations not involving entities under common control

For business combinations not involving entities under common control, the cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination not involving entities under common control, that meet the recognition criteria shall be measured at fair value at the acquisition date. The excess of the cost of combination over the fair value of the acquiree's identifiable net assets acquired in the combination is recognized as goodwill. If the cost of combination is less than the fair value of acquiree's identifiable net assets acquired in the combination, the difference between the two items after review is recognized as non-operating income for the current period.

Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the initial investment cost is the sum of the carrying amount of equity investment held in the acquiree prior to the acquisition date and the additional investment cost at the acquisition date in the parent company's financial statements. In the consolidated financial statements, equity interest in the acquiree held before the acquisition date is remeasured at its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognised as current investment income; the amount recognized in other comprehensive income relating to the previously-held equity interest in the acquiree is reclassified as investment income for the current period, except for other comprehensive income that can not be reclassified to current profits and losses.

The fair value on acquisition date of equity interest in the acquiree prior to the acquisition and the considerations for the equity acquisition are regarded as the total investment costs for the total equity interest held in the acquiree, the difference between the total investments cost and the attributable share of the fair value of net-identifiable assets in the acquiree calculated by the shareholding proportion on acquisition date is recognized as goodwill or current consolidated profit or loss as appropriate.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(VI) The method for preparation of consolidated financial statements

1. Reporting scope of consolidated financial statements

The Company included all subsidiaries (including individual entities controlled by the Company) into the scope of consolidated financial statements, including enterprise, divided part of the investee and a structured entity that is controlled by the Company.

2. Uniform accounting policies for parent and subsidiary companies, and uniform balance sheet dates and accounting periods for parent and subsidiary companies

When preparing consolidated financial statements, if the accounting policies or accounting periods adopted by subsidiaries differ from those of the Company, necessary adjustments are made to the financial statements of subsidiaries in accordance with the Company's accounting policies or accounting periods.

3. Offsetting items in consolidated financial statements

Consolidated financial statements are based on the balance sheet of the parent company and subsidiaries, and internal transactions between the Company and subsidiaries, and between subsidiaries, are eliminated. Non-controlling interests, representing portions of equity not owned by the parent company, are presented as "Non-controlling interests" under the owner's equity item in the consolidated balance sheet. Long-term equity investments held by subsidiaries in the Company are treated as treasury stock of the corporation group and deducted from owner's equity. They are presented as "Less: Treasury shares" under the owner's equity item in the consolidated balance sheet.

4. Accounting treatment for subsidiaries acquired through business combinations

For subsidiaries acquired through business combinations under common control, it is deemed that such subsidiaries have been acquired since the date control was obtained by the ultimate controlling party, and their assets, liabilities, operating results, and cashflows are included in the consolidated financial statements from the beginning of the period of combination. For subsidiaries acquired through business combinations not under common control, adjustments are made to their individual financial statements based on the fair value of identifiable net assets recognized on the acquisition date when preparing consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(VI) The method for preparation of consolidated financial statements *(continued)*

5. Accounting treatment for disposal of subsidiaries

In the case of partial disposal of long-term equity investments in subsidiaries without loss of control, in the consolidated financial statements, the difference between the disposal consideration and the net assets of subsidiaries attributable to the long term equity investment continuously calculated by the subsidiary since the date of purchase or combination shall be adjusted to capital reserve (capital surplus or share premium). If the capital surplus is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

If control over the investee is lost due to the disposal of partial equity investments and other reasons, the remaining equity is remeasured at fair value as at the date of loss of control when preparing consolidated financial statements. The difference between the aggregate of the consideration received on disposal and the fair value of the remaining equity, and the share of the former subsidiary's net assets cumulatively calculated from the acquisition date or combination date according to the original proportion of ownership interest is recognized as investment income for the period of loss of control, and goodwill is also reduced. Other comprehensive income related to the original equity investment in the subsidiary is converted into investment income for the period when control is lost, except for other comprehensive income that can not be reclassified to current profits and losses.

(VII) Classification of joint arrangements and accounting treatment of joint operation

1. Classification of joint arrangements

Joint arrangements are divided into joint operations and joint ventures. Joint arrangements established not through separate entities are classified as joint operations. Separate entities refer to the entities with separate and distinguishable financial structure, including separate legal entities and legally recognised entities without the qualification of legal entity. Joint arrangements established through separate entities are generally classified as joint ventures. In case of changes in rights entitled to and obligations undertaken by the parties under a joint arrangement due to changes in relevant facts and circumstances, the parties will reassess the classification of joint arrangements.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(VII) Classification of joint arrangements and accounting treatment of joint operation *(continued)*

2. The accounting treatment of joint operations

The Company, as the party participating in joint operations, recognises the following items relating to interests in the joint operations and accounts for them in accordance with related requirements of Accounting Standards for Business Enterprises: solely held assets and solely-assumed liabilities, and share of any assets and liabilities held jointly; revenue from the sale of its share of the output arising from the joint operation; share of the revenue from the sale of the output by the joint operation; its own expenses; and share of any expenses incurred jointly.

The Company, as a party involved in joint operations without common control power, shall account for its investments referring to the treatment method of joint operation participants if it is entitled to relevant assets and undertake relevant liabilities of the joint operations, otherwise, it accounts for their investments according to related requirements of Accounting Standards for Business Enterprises.

3. The accounting treatment of joint ventures

The Company, as the party participating in a joint venture, accounts for its investment in accordance with Accounting Standards for Business Enterprises No.2 Long-term Equity Investment. And as a party not involved in joint ventures, the Company accounts for its investments according to its influence on the joint ventures.

(VIII) Recognition standard for cash and cash equivalents

The cash recognised when the Company is preparing statement of cash flows represents cash and deposits that can be readily drawn on demand. Cash equivalents recognised when the Company is preparing statement of cash flows represent short-term and highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(IX) Financial instruments

1. Classification and reclassification of financial instruments

A financial instrument is a contract that forms the financial assets of a party and forms the financial liabilities or equity instruments of other parties.

(1) Financial assets

The Company will recognise its financial assets as financial assets measured at amortised cost if both of the following conditions are met: ① Where the Company's business model for managing financial assets is aimed at collecting contractual cash flows; ② the contractual terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

The Company will recognise its financial assets as financial assets at fair value through other comprehensive income if both of the following conditions are met: ① Where the Company's business model for managing financial assets is aimed at both collecting contractual cash flows and selling the financial assets; ② the contractual terms of the financial assets stipulate that the cash flows generated on a specific date are only the payment of the principal and interest based on the outstanding principal amount.

For investments in non-trading equity instruments, the Company may, at the time of initial recognition, irrevocably designate it as a financial asset at fair value through other comprehensive income. The designation is based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

For those financial assets other than financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, the Company classifies it as financial assets at fair value through profit or loss. At initial recognition, if accounting mismatch can be eliminated or reduced, the Company may irrevocably designate financial assets as financial assets at fair value through profit or loss.

When the Company changes the business model for managing financial assets, all relevant financial assets as affected are reclassified on the first day of the first reporting period after the business model changes, and the reclassification is applied prospectively from the reclassification date. The Company does not retroactively adjust any previously recognised gains, losses (including impairment losses or gains) or interests.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(IX) Financial instruments *(continued)*

1. Classification and reclassification of financial instruments *(continued)*

(2) Financial liabilities

On initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss; financial liabilities at amortised cost. All financial liabilities are not reclassified.

2. Measurement of financial instruments

On initial recognition, the Company's financial instruments are measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, the related transaction expense is directly recognised in profit or loss for the current period. For financial assets or financial liabilities of other classes, the related transaction expense is included in the amount of initial recognition. Accounts receivable or notes receivable arising from sales of goods or rendering services, without significant financing component, are initially recognised based on the transaction price expected to be entitled by the Company. Subsequent measurement of financial instruments depends on their classifications.

(1) Financial Assets

- ① Financial assets at amortised cost. After initial recognition, such financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets at amortised cost that are not parts of any hedging relationships are included in profit or loss in the period which they incurred when derecognised, reclassified, amortised or recognised the impairment under the effective interest method.
- ② Financial assets at fair value through profit or loss. After initial recognition, gain or loss (including interest and dividend income) arisen from subsequent measurement of the financial assets (excluding the financial assets are parts of the hedging relationships) at fair value is included in profit and loss in the period which they incurred.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(IX) Financial instruments *(continued)*

2. Measurement of financial instruments *(continued)*

(1) Financial Assets *(continued)*

- ③ Debt instruments investment at fair value through other comprehensive income. After initial recognition, such financial assets are subsequently measured at fair value. Interest, impairment loss or gain and exchange gain and loss calculated using the effective interest method is included in profit or loss in the period which they incurred, and other gains or losses are recognised in other comprehensive income. When derecognised, the accumulated gains or losses previously recognised in other comprehensive income are transferred out from other comprehensive income and included in profit or loss in the period which they incurred.

(2) Financial Liabilities

- ① Financial liabilities at fair value through profit or loss. Such financial liabilities include financial liabilities for trading purpose (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. After initial recognition, the financial liabilities are subsequently measured at fair value. Except for those involving the hedge accounting, the gains or losses (including interest expenses) arising from changes in fair value of financial liabilities for trading purpose are included in profit or loss in the period which they incurred. The changes in fair value of financial liabilities designated at fair value through profit or loss that are attributable to changes of that financial liabilities' credit risk to be recognised in other comprehensive income, while other changes in fair value are included in profit or loss in the period. If the inclusion of the impact of changes in credit risk of such financial liabilities causes or increases the accounting mismatch of profit or loss, the Company will include all gains or losses of such financial liabilities in profit or loss in the period.
- ② Financial liabilities at amortised cost. After initial recognition, such financial liabilities are measured at amortised cost by using the effective interest method.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(IX) Financial instruments *(continued)*

3. Recognition method of financial instruments' fair value

For financial instruments in active markets, the Company uses the quoted prices in active markets to determine their fair value. If there is no active market, the Company uses valuation techniques to determine their fair value. The valuation techniques mainly include market approach, income approach and cost approach. In limited cases, if there is insufficient information used to determine the fair value, or if the range of possible estimated fair values is broad, and the cost represents the best estimate of the fair value in such a range, then such costs can represent the proper estimate of the fair value in that range. The Company determines whether the cost represents the fair value based on all information in relation to the results and operations of the investees available since the date of initial recognition.

4. Basis of recognition and measurement of transfers of financial assets and financial liabilities

(1) Financial assets

The Company derecognizes a financial asset when one of the following conditions is met: ① the contractual rights to receive the cash flows from the financial asset expire; ② the financial asset has been transferred and the Company transfers substantially all of the risks and rewards of ownership of the financial asset; or ③ the financial asset has been transferred; and although the Company neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where the Company neither transfers nor retains substantially all the rewards of ownership of a financial asset and retains control over the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes a corresponding liability.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss: ① the carrying amount of the financial asset transferred measured at the date of derecognition; ② the sum of the consideration received from the transfer and, when the transferred financial asset is a financial asset classified as FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the financial asset derecognised.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(IX) Financial instruments *(continued)*

4. Basis of recognition and measurement of transfers of financial assets and financial liabilities *(continued)*

(1) *Financial assets (continued)*

Where a partial transfer of a financial asset meets the criteria for derecognition, the carrying amount of the transferred financial assets as a whole shall be allocated between the derecognized portion and the recognized portion based on their respective relative fair values at the transfer date. The difference between the two amounts below is recognised in profit or loss: ① the carrying amount of the derecognized portion at the date of derecognition; and ② the sum of the consideration received for the derecognized portion and, when the transferred financial asset is a financial asset classified as FVOCI, any cumulative gain or loss that has been recognised in other comprehensive income for the financial asset derecognised.

(2) *Financial liability*

The Company derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

Where a financial liability (or a portion thereof) is derecognized, the Company recognizes in profit or loss the difference between its carrying amount and the consideration paid, including non-cash assets transferred or liabilities assumed.

(X) Method of determining and accounting for ECLs

1. Scope of ECLs

The Company accounts for financial assets (including receivables), receivable financing, lease receivables, and other receivables measured at amortized cost on the basis of ECLs and recognizes a loss allowance.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(X) Method of determining and accounting for ECLs *(continued)*

2. Method of determining ECLs

The general approach to ECLs refers to the Company's assessment, at each balance sheet date, of whether the credit risk of relevant financial instruments has increased significantly since initial recognition. Credit impairment processes for financial instruments are divided into three stages, with distinct accounting treatments applied to financial instruments at each stage: (1) stage 1: financial instruments for which credit risk has not increased significantly since initial recognition, the Company measures loss allowances based on the 12-month ECLs, and the interest income is calculated using the carrying amount (i.e., before deduction of loss allowances) and the effective interest rate; (2) stage 2: financial instruments for which the credit risk has increased significantly since initial recognition but for which no credit impairment has occurred, the Company measures the allowance for losses based on the ECLs over the life of the financial instruments and calculates interest income based on the carrying amount and the effective interest rate; (3) stage 3: financial instruments for which credit impairment occurs subsequent to initial recognition, the Company measures the allowance for loss based on the expected credit loss over the life of the financial instrument and calculates interest income based on its amortized cost (carrying amount less provision for impairment) and effective interest rate.

A simplified approach to ECLs is to always measure the allowance for losses at an amount equal to lifetime ECLs.

3. Accounting Treatment of Expected Credit Losses

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. Depending on the nature of the financial instrument, the corresponding loss allowance is either offset against the carrying amount of the financial asset presented in the balance sheet or included in expected liabilities (loan commitment or financial guarantee contract).

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(X) Method of determining and accounting for ECLs *(continued)*

4. Measurement of bad debt provision for receivables and lease receivables

For notes receivable, accounts receivable, receivables financing and contract assets derived from daily business activities such as sale of goods or rendering of services, the Company will measure the loss allowances at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for notes receivable, accounts receivable, receivables financing and contract assets, the Company measures loss allowances at an amount equal to 12-month ECLs for the following financial instruments, and at an amount equal to lifetime ECLs for all other financial instruments: financial instruments that have been determined to have low credit risk at the balance sheet date; or financial instruments for which credit risk has not increased significantly since initial recognition.

Bad debt provision of receivables:

(1) *Portfolio category and determination basis for withdrawing bad debt provision according to credit risk characteristics portfolio*

- ① Notes receivable: according to the different credit risk characteristics of acceptors, the Company divides notes receivable into two combinations: bank acceptance bills and financial company acceptance bills.
- ② Accounts receivable: according to the historical experience of the Company, there is no significant difference in the losses of different customer segments. Therefore, the Company regards all accounts receivable as a combination, and does not further distinguish different customer groups when calculating the bad debt provision for accounts receivable.
- ③ Receivables financing: receivables financing of the Company is bank acceptance bills receivable with dual holding purpose. The Company regards all receivables financing as a portfolio.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(X) Method of determining and accounting for ECLs *(continued)*

4. Measurement of bad debt provision for receivables and lease receivables *(continued)*

Bad debt provision of receivables: *(continued)*

(1) *Portfolio category and determination basis for withdrawing bad debt provision according to credit risk characteristics portfolio (continued)*

- ④ Other receivables: other receivables of the Company mainly include deposit receivable, employee reserve receivable, current accounts, etc. According to the nature of receivables and the credit risk characteristics of different counterparties, the Company regards all other receivables as a combination, and does not further distinguish different customer groups when calculating the bad debt provision for other receivables.
- ⑤ Contract assets: according to the historical experience of the Company, there is no significant difference in the losses of different customer segments. Therefore, the Company regards all contract assets as a combination, and does not further distinguish different customer groups when calculating the bad debt provision for contract assets.

(2) *Judgment standard for single provision of bad debt reserves*

Reasons for separate provision for bad debt: If there is objective evidence indicating that the credit risk of a single account receivable and other receivables is relatively high, then separate provision for bad debts of such accounts receivable and other receivables is made.

The provision method for bad debt: Bad debt provision shall be separately tested for impairment, according to the difference between the present value of its future cash flow and the book value.

(3) *Financial instruments that have low credit risk*

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(X) Method of determining and accounting for ECLs *(continued)*

4. Measurement of bad debt provision for receivables and lease receivables *(continued)*

Bad debt provision of receivables *(continued)*

(4) Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- ① failure to make payments of principal or interest on their contractual due dates;
- ② an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- ③ an actual or expected significant deterioration in the operating results of the debtor;
- ④ existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XI) Inventory

1. Classification of inventories

Inventories refer to finished goods or commodities held by the Company for sale in the ordinary course of activities, products in progress in the production process, materials and supplies consumed in the production process or the provision of labor services, etc.. Inventories of the Company mainly include gas meters and others.

2. Valuation method of inventories

Cost of inventories recognised is calculated using the first-in-first-out method.

3. Method for provision for inventory depreciation

At the balance sheet date, inventories are carried at the lower of cost and net realisable value, and the provision for inventory depreciation is made according to a single inventory item. However, for inventories with large quantity and low unit price, provision for inventory depreciation shall be made according to the inventory category.

4. Inventory count system

The perpetual inventory system is adopted for inventory of the Company.

5. Amortisation method for low-value consumables and packaging materials

Low-value consumables and packaging materials are amortized using one-off method.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XII) Contract assets and contract liabilities

1. Contract assets

A contract asset is the Company's right to consideration in exchange for goods or services that it has transferred to a customer. Provision for impairment of contract assets is made by reference to the ECL on financial instruments method. For contract assets that do not contain a significant financing component, the Company uses the simplified approach to measure the provision for losses. For contract assets with a significant financing component, the Company measures the provision for losses in accordance with the general method.

Where there is an impairment loss on contract assets, the amount that should be written down is debited to the "asset impairment loss" and credited to the impairment provision for contract assets; when the asset impairment provision already made is reversed, contrary accounting shall be made.

2. Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration or an amount of consideration is due from the customer.

The Company presents contract assets and contract liabilities under the same contract in net amount.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XIII) Long-term equity investments

1. Determination of initial investment cost

For a long-term equity investment obtained from business combination under common control, the acquiree's share in the carrying amount of equity in the ultimate controlling party's consolidated financial statements shall be recognised as the initial investment cost of long-term equity investments on the date of combination; for business combination not under common control, the combination cost as determined on the date of acquisition shall be recognised as the initial investment cost; for a long-term equity investment acquired by payment of cash, the initial investment cost shall be the actual purchase price paid; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued; for a long-term equity investment acquired from debt restructuring, the initial investment cost is recognised according to relevant requirements under "ASBE 12 – Debt Restructuring"; for a long-term equity investment acquired from exchange of non-monetary assets, the initial investment cost shall be recognized according to relevant requirements under "ASBE 7 – Exchange of Non-monetary Assets".

2. Subsequent measurement and recognition method of gain or loss

Where the Company has a control over an investee, the long-term equity investment in such investee shall be measured using cost approach. Long-term equity investments in associates and joint ventures shall be measured using equity approach. Where part of the equity investments of the Company in its associates are held indirectly through venture investment institutions, common funds, trust companies or other similar entities including investment linked insurance funds, such part of investments shall be accounted for by the Company according to the relevant requirements of "ASBE 22 – Recognition and Measurement of Financial Instruments", regardless whether the above entities have significant influence on such part of investments, and the remaining shall be measured using equity approach.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XIII) Long-term equity investments *(continued)*

3. Basis of conclusion for common control and significant influence over the investee

Joint control over an investee refers to the situation where activities that have significant influence on the return of certain arrangement can only be decided by unanimous consent of the parties sharing the control, which include sale and purchase of goods or services, management of financial assets, acquisition and disposal of assets, research and development activities and financing activities; significant influence on the investee refers to the situation where significant influence exists when holding more than 20% but less than 50% of voting capital in an investee, or even if holding less than 20%, significant influence still exists when any of the following conditions is satisfied: having representative at the board of directors or similar governing body of the investee; participating in the policy making of the investee; assigning key management officers to the investee; the investee relying on the technology or technical information of the investing company; conducting major transactions with the investee.

(XIV) Fixed assets

1. Recognition conditions of fixed assets

Fixed assets are tangible assets that are held for use more than a useful life of one accounting year in the production of goods and supply of services, for rental to others, or for operation purpose. A fixed asset is recognised when it meets the following conditions: it is probable that the economic benefits associated with the fixed asset will flow into the Company; and its cost can be reliably measured.

2. Classification and depreciation method of fixed assets

The fixed assets of the Company mainly comprise: buildings, pipelines, machinery, vehicles, electronic, furniture and fixtures, mining structures and etc. The fixed assets are depreciated using the straight-line method. The useful life and estimated net residual value of a fixed asset are determined according to the nature and use pattern of the fixed asset. At the end of each year, the useful life, estimated net residual value and the method of depreciation of the fixed asset will be reviewed, and shall be adjusted accordingly if they differ from previous estimates. The Company makes provision for depreciation for all of its fixed assets other than fully depreciated fixed assets that are still in use and the land that is valued and recorded on an individual basis. The impairment test and the impairment method are detailed in Note III (XVII).

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XIV) Fixed assets *(continued)*

2. Classification and depreciation method of fixed assets *(continued)*

Assets class	Estimated useful life (year)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Buildings	40	10	2.25
Pipelines	25-30	5-10	3.00-3.80
Machinery	10-25	10	3.60-9.00
Vehicles	5	10	18.00
Electronics, furniture and fixtures	5	10	18.00
Mining structures	6	—	16.67

(XV) Construction in progress

The cost of construction in progress is determined according to the actual project expenditure, including all necessary project expenditures and other related expenses incurred during the construction in progress. Construction in progress is transferred to fixed assets when it reaches the expected serviceable condition. The impairment test and the impairment method for construction in progress are detailed in Note III (XVII).

Category	Fixed assets transfer standard and time point
Buildings	When meeting the acceptance standards for building installation
Pipelines	When the project engineering reaching the intended serviceable condition
Machinery	When meeting the design requirements or the standards specified in the contract after installation and commissioning
Vehicles	When reaching the intended serviceable condition
Electronics, furniture and fixtures	When reaching the intended serviceable condition
Mining structures	When reaching the intended serviceable condition

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XVI) Intangible assets

1. Measure of intangible assets

Intangible assets of the Company are initially measured at costs. The actual costs of purchased intangible assets include the considerations and relevant expenses actually paid. The actual costs of intangible assets contributed by investors are the prices set out in the investment contracts or agreed by agreement. If the price set out in the investment contracts or agreed by agreement is unfair, the fair value of the intangible asset is regarded as the actual cost. The cost of a self-developed intangible asset is the total expenditure incurred in bringing the asset to its intended use.

Subsequent measurement of the Company's intangible assets is as follows: Intangible assets with finite useful lives are amortized on a straight-line basis; at the end of each year, the useful lives and amortization policy are reviewed and adjusted if the results differ from the original estimates; intangible assets with indefinite useful lives are not amortized and the useful lives are reviewed at the end of each year; where there is solid evidence that the useful life of an intangible asset is finite, it is amortized using the straight-line method according to the estimated useful life. The impairment test and the impairment method are detailed in Note III (XVII).

The amortization method for intangible assets with finite useful lives is as follows:

Item	Useful life (year)	Amortization method
Land use rights	40-70	Straight-line
Software	10	Straight-line
Mining rights	6	Straight-line

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XVI) Intangible assets *(continued)*

2. Determination basis of indefinite useful life

An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Company or the asset has no definite useful life. The determination basis of intangible assets with indefinite useful lives: derived from contractual rights or other statutory rights and there are no explicit years of use stipulated in the contract or laws; useful life could not be determined even after considering the industrial practices or relevant expert opinion.

At the end of each year, the useful lives of the intangible assets with indefinite useful lives are reviewed. Basic assessment is performed by the relevant departments that use the intangible assets using the down-to-top approach, to determine if there are changes to the determination basis of indefinite useful lives.

(XVII) Impairment of long-term assets

Long-term assets such as long-term equity investments, investment properties measured at cost, fixed assets, construction in progress, productive biological assets measured at cost and oil and gas assets and intangible assets are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment is made on the difference and included in impairment loss.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that can generate cash inflows independently.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XVII) Impairment of long-term assets *(continued)*

Goodwill separately presented in the financial statements is tested for impairment at least every year, irrespective of whether there is any indication that the asset may be impaired. For impairment testing, the carrying amount of goodwill is allocated to assets groups or sets of assets groups expected to benefit from the synergy of business combination. Where the carrying amount of the asset group or the set of asset groups allocated with goodwill is higher than the recoverable amount, impairment loss is recognised accordingly. The amount of impairment loss is first reduced against the carrying amount of the goodwill allocated to the asset group or set of asset groups, and is then reduced against the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the impairment loss of such assets is recognized, it will not be reversed in any subsequent period.

(XVIII) Long-term prepayments

Long-term prepayments of the Company are expenses which have been paid but benefit a period of over one year (not including one year). Long-term prepayments are amortized over the benefit period. If long-term prepayments cannot bring benefit in future accounting periods, its residue value not yet amortized shall be transferred in full to the profit or loss in the current period.

(XIX) Employee benefits

Employee benefits are all forms of rewards or compensation provided by an entity in exchange for services rendered by employees or for the termination of employment. Employee benefits mainly include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XIX) Employee benefits *(continued)*

1. Short-term employee benefits

In the accounting period in which employees provide service for the Company, short-term employee benefits actually incurred are recognized as liabilities and charged to profit or loss, or if otherwise required or permitted by other accounting standards, to the related costs of assets for the current period. At the time of actual occurrence, the Group's employee benefits are recorded in the profit and loss of the current year or related asset costs according to the actual amount. The non-monetary employee benefits are measured at fair value. With regard to the medical insurance, work injury insurance, maternity insurance, other social insurance, housing fund and labour union expenditure and personnel education contributed as required by regulations, which are paid by the Company for employees, the Company should calculate and recognize the corresponding employees benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements, recognize the corresponding liabilities in the accounting period in which employees provide service, and include these expenses in the profit and loss of the current period or related assets costs.

2. Post-employment benefits and termination benefits

During the accounting period in which an employee provides service, the amount payable calculated under defined contribution scheme shall be recognized as a liability and recorded in current profit or loss or in costs of related assets. In respect of the defined benefit scheme, the Company shall attribute the welfare obligations under the defined benefit scheme in accordance with the estimated accrued benefit method to the service period of relevant employee, and record the obligation in current profit loss or costs of relevant assets.

Termination benefits provided to employees by the Company are included as an employee remuneration liability arising from termination benefits, with a corresponding charge to current profit or loss at the earlier of the following dates: when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XIX) Employee benefits *(continued)*

3. Other long-term employee benefits

When other long-term employee benefits provided to the employees by the Company satisfied the conditions of defined contribution plans, those benefits shall be accounted for in accordance with the requirements relating to defined contribution plans. In addition, the Company recognizes and measures the net liabilities or net assets of other long-term employee benefits according to relevant requirements of the defined benefit scheme.

(XX) Estimated liability

If an obligation in relation to contingency is the present obligation of the Company, the performance of such obligation is likely to lead to an outflow of economic benefits and its amount can be reliably measured, such obligation shall be recognized as estimated liability. The initial measurement is based on the best estimate of the expenditure required for the performance of current obligation. When the necessary expenditures fall within a range and the probability of each result in the range is identical, the best estimate which is the median of the range shall be recognized; if there are several items involved, every possible result and its relevant probability are taken into account for the best estimate to be recognized.

At the balance sheet date, the carrying amount of estimated liabilities shall be reviewed. If there is solid evidence that the carrying amount cannot reflect truly the current best estimate, the carrying amount shall be adjusted according to the current best estimate.

(XXI) Revenue

When the Company has fulfilled the performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services, the revenue is recognized at the transaction price allocated to the performance obligation. Obtaining control over the relevant goods means having the ability to direct the use of the goods and receive substantially all of the economic benefits therefrom. A performance obligation represents the contractual commitment that a distinct good shall be transferred by the Company to the customer. Transaction price refers to the consideration that the Company is expected to receive due to the transfer of goods to customer, but it does not include payments received on behalf of third parties and amounts that the Company expects to return to the customer.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XXI) Revenue *(continued)*

The satisfaction of performance obligation over time or at a point in time is determined by contractual terms and relevant law. For performance obligation satisfied over time, the Company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. Otherwise, the Company recognises revenue at the point in time at which the customer obtains control of relevant assets.

The Company determines whether it is the principal obligor or agent at the time of the transaction based on whether it has control over the goods or services prior to the transfer of the goods or services to the customer. If the Company has control over the goods or services before transferring them to the customer, the Company is the principal obligor and recognises revenue based on the total consideration received or receivable; otherwise, the Company is the agent and recognises revenue based on the amount of commission or fee to which it is expected to be entitled, which is net of the total consideration received or receivable, less the price payable to other related parties, or based on the established commission amount or percentage, etc. determined.

1. Revenue from sales of goods contracts

The Company's contracts with customers for the sale of goods generally include one performance obligation for the transfer of goods such as natural gas, gas appliances and other goods. The Company has concluded that revenue from the sale of goods should be recognised at the point in time when control of the goods is transferred to customers based on the following considerations: a present right to payment for the goods, the transfer of the significant risks and rewards of the ownership of the goods to the customer, the transfer of the legal title of the goods to the customer, the customer's physical possession of the goods and the customer's acceptance of the goods.

2. Revenue from gas connection contracts

The gas connection contract between the Company and customers usually includes the performance obligation to provide customers with gas network connection services, and the income is recognized by the time period method. The Company determines the connection progress of gas pipeline network by using the proportion of the accumulated actual cost in the estimated total cost (i.e. cost method), and recognizes the revenue according to the performance progress.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XXI) Revenue *(continued)*

3. Gas pipeline transmission contract

The gas pipeline transportation contract between the Company and customers usually includes the performance obligation of providing customers with gas pipeline transportation service revenue. The revenue is recognized when customers obtain services. The Company regards it as the performance obligation to be performed in a certain period of time, and the revenue is recognized according to the performance progress, except that the performance progress cannot be reasonably determined.

(XXII) Contract costs

Contract costs of the Company are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract. Incremental costs of obtaining a contract (“Contract Obtaining Costs”) are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Company recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs.

If the costs of the Company to fulfil a contract are not within the scope of inventories or other accounting standards, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

1. the costs relate directly to an existing or anticipated contract, including direct labour, direct materials, manufacturing overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;
2. the costs enhance resources of the Company that will be used in satisfying performance obligations in the future;
3. the costs are expected to be recovered.

The Company recognises the costs of contract performance as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as “Inventories” in the balance sheet, and if the amortisation period is more than one year or a normal operating cycle upon the initial recognition, are presented as “Other non-current assets” in the balance sheet.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XXII) Contract costs *(continued)*

The Company recognises the Contract Obtaining Costs as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as “Other current assets” in the balance sheet, and if the amortization period is more than one year or a normal operating cycle upon the initial recognition, are presented as “Other non-current assets” in the balance sheet.

The Company recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

1. remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;
2. The cost estimated to be happened for the transfer of related goods or services.

If the depreciation factors in the previous period change subsequently, and the difference between the aforementioned two items is higher than the book value of the asset, the original provision for impairment of the asset should be reversed and included in the current profit and loss, provided that the book value of the asset after the reversal shall not exceed the book value of the asset on the date of reversal under the assumption that no impairment provision is made.

(XXIII) Government grants

1. Types of government grants and accounting treatment

Government grants are monetary assets or non-monetary assets (excluding the capital invested by the government as the owner) obtained by the Company from the government for free. A government grant in monetary asset shall be recognized at the amount received or to be received. A government grant in non-monetary asset shall be recognized at its fair value; if the fair value is not reliably measured, the grant is measured at nominal amount.

A government grant related to income is accounted as follows: if the grant is a compensation for related costs, expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss or offset the related costs over the periods in which the related costs, expenses or losses are recognised; if the grant is a compensation for related costs, expenses or losses already incurred, it is recognised directly in profit or loss or offset the related costs of the current period.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XXIII) Government grants *(continued)*

1. Types of government grants and accounting treatment *(continued)*

A government grant related to an asset shall offset the carrying value of related assets, or be recognized as deferred income, and reasonably and systematically amortised to profit or loss over the useful life of the related asset. However, a government grant measured at a nominal amount is recognized immediately in profit or loss of the current period. If related assets have been sold, disposed of, scrapped or damaged, the unamortised deferred income should be recognised in profit or loss in the period of disposal.

2. Timing for recognition of governmental grants

A government grants shall be recognized when the enterprise fulfills the conditions attaching to the grant and the enterprise can receive the grant. The governmental grants measured at the amount receivable will be recognized when there is unambiguous evidence suggesting the conformance to related conditions as provided in financial support policies and financial support fund is expected to be received. Other government grants other than those measured at the amount receivable will be recognized at the actual time of receiving such grants.

(XXIV) Deferred income tax assets and deferred income tax liabilities

1. Recognition of deferred income tax

Deferred income tax assets or deferred income tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (for items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws, tax base is recognized as the difference) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. Measurement of deferred income tax

A deferred income tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain to deduct from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XXIV) Deferred income tax assets and deferred income tax liabilities

(continued)

2. Measurement of deferred income tax *(continued)*

As for taxable temporary difference related to the investments of subsidiaries and associated enterprises, the deferred income tax liabilities shall be recognized unless the Company can control the time for the reversal of temporary differences and such differences are very unlikely to be reversed in the foreseeable future. As for the deductible temporary difference related to investments of subsidiaries and associated enterprises, the deferred income tax assets shall be recognized when such temporary differences are much likely to be reversed in the foreseeable future and the taxable profit are available against which the deductible temporary difference can be utilized.

3. Basis of write off for the net amount of deferred income tax

The Company will list both deferred income tax assets and deferred income tax liabilities in the net value after offsetting if the following criteria are met: if it has the legal right to settle the current income tax asset and current income tax liability on net basis; deferred income tax asset and deferred income tax liability are related to the income tax charged by the same tax authority on the same taxable entity, or are related to different taxable entity, but during each of the significance period which deferred income tax asset and deferred income tax liability is reversed in the future, the taxable entity involved intends to settle the current income tax asset and current income tax liability on net basis, or to obtain assets and settle liabilities at the same time.

(XXV) Leases

The Company will assess whether a contract is a lease or contains lease on the commencement date of the contract. A contract is a lease or contains lease if a party of the contract transfers the right of use of one or more identified assets for a specified period of time for consideration.

1. Accounting for lessee

At the commencement date of the lease term, the Company recognises right-of-use assets and lease liabilities for leases other than short-term leases and leases of low-value assets, and recognises depreciation expense and interest expense, respectively, over the lease term.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XXV) Leases *(continued)*

1. Accounting for lessee *(continued)*

The Company adopts the straight-line method in each period of the lease term to recognise the lease payments for short-term leases and leases of low-value assets in the expenses for current period.

(1) Right-of-use assets

The right-of-use assets refer to the right of the lessee to use the leased asset during the lease term. On the commencement date of the lease term, the right-of-use assets are initially measured at cost. The cost includes: ① The initial measurement amount of the lease liability; ② The lease payment amount paid on or before the commencement date of the lease term, and the relevant amount of the lease incentive that has been enjoyed shall be deducted if there is a lease incentive; ③ The initial direct costs incurred by the lessee; ④ The cost which the lessee is expected to dismantle and remove the leased asset, restore the site of leased asset or restore the leased asset to the agreed terms of the lease terms.

The depreciation of the right-of-use assets of the Company is accrued using the straight-line method. For those who can reasonably determine the ownership of the leased asset when the lease term expires, the depreciation is made within the estimated remaining useful life of the leased asset. If it is not reasonable to determine that the leased asset will be acquired at the expiration of the lease term, the depreciation is made during the shorter period between the lease term and the remaining useful life of the leased asset.

The Company determines whether the right-of-use assets have been impaired and carries out accounting treatment in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 8 – Impairment of Assets.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XXV) Leases *(continued)*

1. Accounting for lessee *(continued)*

(2) Lease liability

Lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date of the lease term. The lease payments include: ① The fixed payment amount (including the substantial fixed payment amount), and the relevant amount of the lease incentive shall be deducted if there is a lease incentive; ② Variable lease payments depending on the index or ratio; ③ The amount expected to be paid based on the residual value of the guarantee provided by the lessee; ④ The exercise price of purchasing the option, to be determined by the lessee on a reasonable basis; ⑤ If the lease term reflects that the lessee will exercise the option to terminate the lease, payments required to exercise the option to terminate the lease.

The Company uses the interest rate embedded in the lease as the discount rate. If the interest rate embedded in the lease cannot be reasonably determined, the Company incremental borrowing rate is used as the discount rate. The Company calculates the interest expense on the lease liability for each period of the lease term based on a fixed periodic interest rate and includes it in finance costs. This periodic interest rate is the discount rate or revised discount rate adopted by the Company.

Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss when they are actually incurred.

2. Accounting for lessor

On the lease commencement date, the Company recognizes those leases which substantially all risks and rewards related to the ownership of the leased assets have been effectively transferred as financing leases, leases other than it will be recognized as operating leases.

(1) Accounting for operating leases

The lease payments are recognized as rental income on a straight-line basis over the respective lease terms. Initial direct costs shall be capitalized and then included in the current income by stages at the same base as the recognition of rental income over the whole lease term, variable rentals not included in lease payments shall be included as rental income when it is actually incurred.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XXV) Leases *(continued)*

2. Accounting for lessor *(continued)*

(2) Accounting for financing leases

At the commencement date of lease term, the Company recognizes the difference between the sum of financing lease receivable and the unguaranteed residual value, and the present value thereof as unrealized financing income, and recognizes the same as rental income over the periods when rent is received in the future. The initial direct costs related to lease transaction incurred by the Company shall be included in the initial measurement of the finance lease receivables.

(XXVI) Profit distribution

The cash dividends of the Company are recognised as a liability after being approved at a shareholders' meeting.

(XXVII) Safety production cost

Safety production funds provided according to the regulations are included in costs of related products or profit or loss, and credited to the specialised reserves. They are treated differently when being utilised: the specialised reserves are offset against for those attributable to the expense nature; the cumulative expenditures are recognised as a fixed asset for those attributable to the fixed asset nature when the working condition for the intended use is reached, and at the same time, specialised reserves are offset against with the full depreciation of the fixed asset, at the same amount.

(XXVIII) Fair value measurements

The Group measures receivables under financing at fair value on each balance sheet date. 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.

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.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XXVIII) Fair value measurements *(continued)*

For assets and liabilities that are measured at fair value and recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation on each balance sheet date.

(XXIX) Significant accounting judgments and estimates

The preparation of the financial statements requires the management of the Company to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as the key assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In addition to the accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets and provision for impairment of various types of assets, other significant accounting estimates are as follows:

1. Impairment of fixed assets

The Company assesses whether there are any indications of impairment for fixed asset at the balance sheet date. For fixed assets with signs of impairment, the Company compares the book value of each relevant asset group with its recoverable amount to determine the amount of impairment loss. The recoverable amount is determined according to the higher of the present value of the estimated future cash flow and the net amount of the fair value less the disposal expenses. The calculation of the present value of the expected future cash flow requires the management to make significant judgments, especially the estimation of key assumptions such as the future gas sales volume, the price difference between the purchase and sale of natural gas and the applicable discount rate.

2. Deferred income tax assets

Deferred income tax assets are recognised for all unused tax losses and temporary differences to the extent that it is probable that sufficient taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

(XXX) EXPLANATION OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS

1. Explanation of changes in significant accounting policies

In December 2024, the Ministry of Finance issued the “Notice on Issuing ‘the Interpretation of Accounting Standards for Business Enterprises No. 18’”, which clarifies that provisions arising from assurance-type warranties (which do not constitute distinct performance obligations) shall be accounted for in accordance with “Accounting Standards for Business Enterprises No. 13 – Contingencies”. An enterprise shall, while recognizing an estimated liability, include the relevant amount in operating cost, with the estimated liability presented based on its liquidity. The Company’s implementation of the Interpretation No. 18 did not involve retrospective adjustment method for previous years and did not have any impact on the financial statements of the Company during the Reporting Period.

2. Explanation of changes in significant accounting estimates

No changes in significant accounting estimates of the Company incurred during the Reporting Period.

IV. TAXES

(I) Major categories of taxes and respective tax rates

Categories of taxes	Tax basis	Tax rates
Value-added tax (VAT)	sales revenue	9%,13%
City maintenance and construction tax	turnover taxes paid	7%
Education supplementary tax	turnover taxes paid	3%
Local education supplementary tax	turnover taxes paid	2%
Corporate income tax	taxable profit	25%

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(I) Details of subsidiaries

No.	Name of company	Level	Type of company	Place of registration	Principal place of business	Nature of business	Paid-up capital (RMB)	Proportion of shareholding (%)	Proportion of votes
1	天津天聯節能科技有限公司 (former name: 天津天聯投資有限公司)	2	Limited liability company	Tianjin, the PRC	Tianjin, the PRC	Science and technology promotion and application services	20,000,000.00	100%	100%
2	貴州津維礦業投資有限公司	3	Limited liability company	Guizhou, the PRC	Guizhou, the PRC	Mining	16,000,000.00	88%	88%
3	貴州省台江縣國新鉛鋅選礦有限責任公司 (Deregistered)	4	Limited liability company	Guizhou, the PRC	Guizhou, the PRC	Non-ferrous metal mining and dressing	5,000,000.00	100%	100%

(II) Details of a former subsidiary was no longer included in the scope of consolidation during the Reporting Period

Name of company	Place of registration	Nature of business	Proportion of shareholding (%)	Proportion of votes (%)	Paid-up capital (RMB)	Reason for exclusion
貴州省台江縣國新鉛鋅選礦有限責任公司	Guizhou, the PRC	Non-ferrous metal mining and dressing	100%	100%	5,000,000.00	Deregistered on 27 December 2024

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Cash and bank balances

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Cash		
Cash at banks	694,789,660.39	789,472,606.25
Other monetary funds	134,142.02	133,920.55
Total	694,923,802.41	789,606,526.80

Note: As of 31 December 2024, the cash and bank balances of the Company amounting to RMB134,142.02 were restricted as guarantee deposits for environment protection.

(II) Accounts receivable

1. Disclosure of accounts receivables by ageing

Ageing	Balance as at 31 December 2024		Balance as at 31 December 2023	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
0 to 6 months	237,554,586.27		192,052,454.96	
6 months to 1 year	108,913.62	5,445.68	253,141.58	12,657.07
1 to 2 years	519,376.99	83,006.56	8,047.00	804.70
2 to 3 years	975.00	195.00	48,383.89	48,383.89
Over 3 years	11,741,877.29	11,741,877.29	11,693,493.40	11,693,493.40
Total	249,925,729.17	11,830,524.53	204,055,520.83	11,755,339.06

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(II) Accounts receivable (continued)

2. Accounts receivable disclosed by classification of provision method for bad debts

Type	Balance as at 31 December 2024				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Expected credit loss rate/accruing percentage (%)	Carrying amount
Accounts receivable for which provision for bad debts is made on an individual basis	11,776,398.25	4.71	11,776,398.25	100.00	0.00
Accounts receivable for which provision for bad debts is made by credit risk characteristic group	238,149,330.92	95.29	54,126.28	0.02	238,095,204.64
Including: Ageing group	238,149,330.92	95.29	54,126.28	0.02	238,095,204.64
Other groups					
Total	249,925,729.17	100.00	11,830,524.53	—	238,095,204.64

Type	Balance as at 31 December 2023				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Expected credit loss rate/accruing percentage (%)	Carrying amount
Accounts receivable for which provision for bad debts is made on an individual basis	11,741,877.29	5.75	11,741,877.29	100.00	0.00
Accounts receivable for which provision for bad debts is made by credit risk characteristic group	192,313,643.54	94.25	13,461.77	0.01	192,300,181.77
Including: Ageing group	192,313,643.54	94.25	13,461.77	0.01	192,300,181.77
Other groups					
Total	204,055,520.83	100.00	11,755,339.06	—	192,300,181.77

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(II) Accounts receivable (continued)

2. Accounts receivable disclosed by classification of provision method for bad debts

(continued)

Accounts receivable for which provision for bad debts is made by credit risk characteristic group

(1) Ageing group

Ageing	Balance as at 31 December 2024			Balance as at 31 December 2023		
	Gross carrying amount Amount	Percentage (%)	Provision for bad debts	Gross carrying amount Amount	Percentage (%)	Provision for bad debts
1 to 6 months	237,554,586.27	99.75		192,052,454.96	99.86	
6 months to 1 year	108,913.62	0.05	5,445.68	253,141.58	0.13	12,657.07
1 to 2 years	484,856.03	0.20	48,485.60	8,047.00	<0.01	804.70
2 to 3 years	975.00	<0.01	195.00			
Over 3 years						
Total	238,149,330.92	100.00	54,126.28	192,313,643.54	100.00	13,461.77

(III) Receivables financing

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Bank acceptance bills receivable	920,000.00	56,511,058.30
Financial company acceptance bills receivable	15,277,905.68	37,300,000.00
Total	16,197,905.68	93,811,058.30

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(IV) Prepayments

1. Prepayments shown by ageing

Ageing	Balance as at 31 December 2024			Balance as at 31 December 2023		
	Gross carrying amount Amount	Percentage (%)	Provision for bad debts	Gross carrying amount Amount	Percentage (%)	Provision for bad debts
Within 1 year (inclusive)	2,972,173.99	95.89		1,143,579.18	92.58	
1 to 2 years	68,805.00	2.22		91,657.56	7.42	
2 to 3 years	58,593.74	1.89				
Over 3 years						
Total	3,099,572.73	100.00		1,235,236.74	100.00	

(V) Other receivables

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Interest receivables		
Dividend receivables		
Other receivables	1,013,407.94	1,914,926.56
Total	1,013,407.94	1,914,926.56

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(V) Other receivables (continued)

1. Other receivables

(1) Disclosure of other receivables by ageing

Ageing	Balance as at 31 December 2024		Balance as at 31 December 2023	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Within 1 year (inclusive)	738,286.87		1,698,685.53	
1 to 2 years	89,449.04		4,525.00	
2 to 3 years	4,525.00		33,313.00	
Over 3 years	2,670,088.32	2,488,941.29	2,667,344.32	2,488,941.29
Total	3,502,349.23	2,488,941.29	4,403,867.85	2,488,941.29

(2) Other receivables disclosed by classification of provision method for bad debts

Type	Balance as at 31 December 2024				
	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate/accruing percentage (%)	
Other receivables for which provision for bad debts is made on an individual basis	2,488,941.29	71.06	2,488,941.29	100.00	0.00
Other receivables for which provision for bad debts is made by credit risk characteristic group	1,013,407.94	28.94	0.00	0.00	1,013,407.94
Total	3,502,349.23	100.00	2,488,941.29	—	1,013,407.94

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(V) Other receivables (continued)

1. Other receivables (continued)

(2) Other receivables disclosed by classification of provision method for bad debts (continued)

Type	Balance as at 31 December 2023				
	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate/accruing percentage (%)	
Other receivables for which provision for bad debts is made on an individual basis	2,488,941.29	56.52	2,488,941.29	100.00	0.00
Other receivables for which provision for bad debts is made by credit risk characteristic group	1,914,926.56	43.48	0.00	0.00	1,914,926.56
Total	4,403,867.85	100.00	2,488,941.29	—	1,914,926.56

(3) Categorized by nature

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Employees' borrowings	181,095.08	177,213.83
Inter-company balance	2,906,507.08	3,831,700.98
Deposits and others	414,747.07	394,953.04
Total	3,502,349.23	4,403,867.85

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(VI) Inventories

Item	Balance as at 31 December 2024			Balance as at 31 December 2023		
	Gross carrying amount	Inventory falling price reserves	Carrying amount	Gross carrying amount	Inventory falling price reserves	Carrying amount
Gas appliances and others	1,680,286.67		1,680,286.67	2,035,300.70		2,035,300.70
Total	1,680,286.67		1,680,286.67	2,035,300.70		2,035,300.70

(VII) Other current assets

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Input VAT to be credited		22,047.45
Prepaid income tax	874,941.53	874,939.24
Total	874,941.53	896,986.69

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(VIII) Long-term equity investments

1. Classification of long-term equity investments

Item	Balance as at			Balance as at
	31 December			31 December
	2023	Increase	Decrease	2024
Investments in associates	53,896,495.69		289,550.87	53,606,944.82
Sub-total	53,896,495.69		289,550.87	53,606,944.82
Less: provision for impairment of long-term equity investments				
Total	53,896,495.69		289,550.87	53,606,944.82

2. Breakdown of long-term equity investments

Investee	Investment cost	Movements during the period								Balance as at 31 December 2024	Closing balance of provision for impairment
		Balance as at 31 December 2023	Increase in investment	Decrease in investment	Investment gains and losses recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment		
Associate											
天津市濱海燃氣有限公司	60,611,220.86	53,896,495.69			-292,204.55		2,653.68			53,606,944.82	
Total	60,611,220.86	53,896,495.69			-292,204.55		2,653.68			53,606,944.82	

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(IX) Fixed assets

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Fixed assets	756,017,471.33	790,024,131.72
Disposal of fixed assets	35,668.26	
Total	756,053,139.59	790,024,131.72

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(IX) Fixed assets (continued)

1. Details of fixed assets

Item	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
I. Original carrying amount							
1. Balance as at							
31 December 2023	48,990,991.60	1,314,033,562.54	296,849,118.08	6,052,602.50	11,160,756.23	4,558,482.24	1,681,645,513.19
2. Increase		15,383,609.84	17,790,149.11	21,648.52	65,576.39		33,260,983.86
(1) Purchase			398,168.03	21,648.52	65,576.39		485,392.94
(2) Transferred from construction in progress		15,383,609.84	17,391,981.08				32,775,590.92
3. Decrease		2,227,469.13	839,313.83	485,840.00	178,185.63		3,730,808.59
(1) Disposal or scrap		2,227,469.13	839,313.83	485,840.00	178,185.63		3,730,808.59
4. Balance as at							
31 December 2024	48,990,991.60	1,327,189,703.25	313,799,953.36	5,588,411.02	11,048,146.99	4,558,482.24	1,711,175,688.46
II. Accumulated depreciation							
1. Balance as at							
31 December 2023	19,039,760.91	678,247,316.34	83,761,068.52	4,969,360.92	8,064,027.99	2,747,063.24	796,828,597.92
2. Increase	1,062,015.60	45,177,477.17	19,156,422.15	50,097.86	449,443.04		65,895,455.82
(1) Provision	1,062,015.60	45,177,477.17	19,156,422.15	50,097.86	449,443.04		65,895,455.82
3. Decrease		1,052,174.59	655,648.37	437,256.00	158,425.07		2,303,504.03
(1) Disposal or scrap		1,052,174.59	655,648.37	437,256.00	158,425.07		2,303,504.03
(2) Other							
4. Balance as at							
31 December 2024	20,101,776.51	722,372,618.92	102,261,842.30	4,582,202.78	8,355,045.96	2,747,063.24	860,420,549.71
III. Impairment provision							
1. Balance as at							
31 December 2023	606,570.17	64,039,984.70	27,887,683.41	119,794.78	327,331.49	1,811,419.00	94,792,783.55
2. Increase							
(1) Provision							
3. Decrease		27,482.72	21,874.29	3,975.87	1,783.25		55,116.13
(1) Disposal or scrap		27,482.72	21,874.29	3,975.87	1,783.25		55,116.13
4. Balance as at							
31 December 2024	606,570.17	64,012,501.98	27,865,809.12	115,818.91	325,548.24	1,811,419.00	94,737,667.42
IV. Carrying amount							
1. Carrying amount as at							
31 December 2024	28,282,644.92	540,804,582.35	183,672,301.94	890,389.33	2,367,552.79		756,017,471.33
2. Carrying amount as at							
31 December 2023	29,344,660.52	571,746,261.50	185,200,366.15	963,446.80	2,769,396.75		790,024,131.72

As at 31 December 2024, the Company had no fixed assets pending certificates of property ownership.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(IX) Fixed assets *(continued)*

2. Test in relation to provisions for impairment of fixed assets

In 2024, Jinran Public Utilities Group performed an assessment on recoverable amounts for relevant long-term asset group and found that the carrying amounts did not exceed recoverable amounts, therefore, no provisions for impairment has been provided. The recoverable amounts of such asset group are determined in accordance with the present value of estimated future cash flow by using pre-tax discount rate of 8.14%. PAN-CHINA ASSETS APPRAISAL CO., LTD. has assessed the recoverable amounts of relevant long-term asset group and issued the Appraisal Report on the Relevant Long-term Asset Group Related to Impairment Test of Tianjin Jinran Public Utilities Co., Ltd. (Tianxingping bao zi [2025] No. 0382) on 27 March 2025.

(X) Construction in progress

Type	Balance as at 31 December 2024	Balance as at 31 December 2023
Construction in progress	32,937,382.54	20,226,922.94
Engineering materials	111,970.00	
Less: Provision for impairment	1,443,920.27	1,443,920.27
Total	31,605,432.27	18,783,002.67

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(X) Construction in progress *(continued)*

1. Information of construction in progress

(1) Basic information of construction in progress

Item	Balance as at 31 December 2024			Balance as at 31 December 2023		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Buildings	2,209,340.38		2,209,340.38	2,209,340.38		2,209,340.38
Gas station improvement and others	22,068,068.29	1,035,000.00	21,033,068.29	4,833,294.78	1,035,000.00	3,798,294.78
Pipeline reconstruction	8,251,053.60		8,251,053.60	12,775,367.51		12,775,367.51
Mines	408,920.27	408,920.27		408,920.27	408,920.27	
Total	32,937,382.54	1,443,920.27	31,493,462.27	20,226,922.94	1,443,920.27	18,783,002.67

2. Engineering materials

Item	Balance as at 31 December 2024			Balance as at 31 December 2023		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Ji Ning Engineering materials	111,970.00		111,970.00			
Total	111,970.00		111,970.00			

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XI) Right-of-use assets

Item	Buildings	Total
I. Original carrying amount		
1. Balance as at 31 December 2023	1,672,581.50	1,672,581.50
2. Increase	1,722,189.04	1,722,189.04
(1) New lease	1,722,189.04	1,722,189.04
3. Decrease		
(1) Disposal		
4. Balance as at 31 December 2024	3,394,770.54	3,394,770.54
II. Accumulated depreciation		
1. Balance as at 31 December 2023	557,527.20	557,527.20
2. Increase	1,115,955.81	1,115,955.81
(1) Provision	1,115,955.81	1,115,955.81
3. Decrease		
(1) Disposal		
4. Balance as at 31 December 2024	1,673,483.01	1,673,483.01
III. Impairment provision		
1. Balance as at 31 December 2023		
2. Increase		
(1) Provision		
3. Decrease		
(1) Disposal		
4. Balance as at 31 December 2024		
IV. Carrying value		
1. Carrying value as at 31 December 2024	1,721,287.53	1,721,287.53
2. Carrying value as at 31 December 2023	1,115,054.30	1,115,054.30

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XII) Intangible assets

Item	Land use rights	Software	Mineral rights	Total
I. Original carrying amount				
1. Balance as at				
31 December 2023	14,316,891.30	1,886,375.47	16,765,984.00	32,969,250.77
2. Increase				
(1) Purchase				
3. Decrease				
(1) Disposal				
4. Balance as at				
31 December 2024	14,316,891.30	1,886,375.47	16,765,984.00	32,969,250.77
II. Accumulated amortisation				
1. Balance as at				
31 December 2023	4,604,919.91	923,437.16	7,243,935.07	12,772,292.14
2. Increase	302,655.96	179,815.58		482,471.54
(1) Provision	302,655.96	179,815.58		482,471.54
3. Decrease				
(1) Disposal				
4. Balance as at				
31 December 2024	4,907,575.87	1,103,252.74	7,243,935.07	13,254,763.68
III. Impairment provision				
1. Balance as at				
31 December 2023			9,522,048.93	9,522,048.93
2. Increase				
(1) Provision				
3. Decrease				
(1) Disposal				
4. Balance as at				
31 December 2024			9,522,048.93	9,522,048.93
IV. Net carrying amount				
1. Net carrying amount as at				
31 December 2024	9,409,315.43	783,122.73		10,192,438.16
2. Net carrying amount as at				
31 December 2023	9,711,971.39	962,938.31		10,674,909.70

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XIII) Deferred tax assets

1. Deferred income tax assets and deferred income tax liabilities not presented in net amount after offset

Item	Balance as at 31 December 2024		Balance as at 31 December 2023	
	Deferred income tax assets/ liabilities	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities	Deductible/ taxable temporary differences
I. Deferred income tax assets:				
Provision for bad debts	3,579,866.46	14,319,465.82	3,561,070.09	14,244,280.35
Deferred income	25,839,095.02	103,356,380.07	24,235,446.36	96,941,785.44
Deductible losses	41,246,530.50	164,986,122.00	41,246,530.50	164,986,122.00
Lease liabilities	13,690.56	54,762.24	5,047.76	20,191.03
Sub-total	70,679,182.54	282,716,730.13	69,048,094.71	276,192,378.82

2. Breakdown of unrecognised deferred income tax assets

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Deductible temporary differences	105,703,636.62	105,758,752.75
Deductible tax losses	72,395,984.89	31,473,669.24
Total	178,099,621.51	137,232,421.99

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XIII) Deferred tax assets (continued)

3. Deductible losses of unrecognized deferred income tax assets will expire in the following years

Year	Balance as at 31 December 2024	Balance as at 31 December 2023	Notes
2024		174,649.16	
2025		1,343,361.65	
2026	4,571.01	269,380.12	
2027	4,279,810.55	4,430,771.58	
2028	25,205,020.58	25,255,506.73	
2029	42,906,582.75		
Total	72,395,984.89	31,473,669.24	

(XIV) Other non-current assets

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Certificates of deposit	89,458,834.25	86,877,000.00
Prepaid construction cost	632,198.50	526,857.53
Renovation of indoor gas facilities	60,913,443.45	64,652,773.15
Total	151,004,476.20	152,056,630.68

Note: The certificates of deposit are 3-year time deposits with a fixed interest rate of 2.9% per annum, which can be withdrawn before maturity, and early withdrawal of the certificates bears interest at the demand deposit rate.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XV) Assets with restrictive ownership or right of use

Item	Net carrying amount as at the end of period	Reason for restriction
Monetary funds	134,142.02	The restricted environmental assessment governance deposit
Total	134,142.02	—

(XVI) Accounts payable

1. Categorized by ageing

Ageing	Balance as at 31 December 2024	Balance as at 31 December 2023
Within 1 year (inclusive)	122,022,774.86	225,401,299.34
Over 1 year	70,275,918.44	71,481,110.74
Total	192,298,693.30	296,882,410.08

(XVII) Contract liabilities

1. Categorized by ageing

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Advances from sales of piped gas	248,393,559.50	241,635,941.32
Advances from gas connection	31,516,449.26	34,300,910.01
Advances from sales of gas appliances	1,736,476.59	1,432,173.59
Others	37,642.20	37,642.20
Total	281,684,127.55	277,406,667.12

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(XVIII) Employee benefits payable

1. Employee benefits payable

Item	Balance as at 31 December			Balance as at 31 December 2024
	2023	Increase	Decrease	
I. Short-term benefits	18,654,491.01	105,259,284.59	107,228,266.81	16,685,508.79
II. Post-employment benefits (defined contribution plan)		13,498,210.59	13,498,210.59	
III. Termination benefits		35,000.00	35,000.00	
IV. Other benefits due within one year				
V. Others				
Total	18,654,491.01	118,792,495.18	120,761,477.40	16,685,508.79

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XVIII) Employee benefits payable (continued)

2. Short-term employee benefits

Item	Balance as at 31 December 2023	Increase	Decrease	Balance as at 31 December 2024
I. Salaries, bonuses, allowances and subsidies	14,980,562.42	81,837,126.07	83,685,333.92	13,132,354.57
II. Employee bonus and welfare fund	3,001,223.35	3,376,455.16	3,376,455.16	3,001,223.35
III. Social insurance		8,487,733.47	8,487,733.47	
Including: Medical and maternity insurance		8,146,405.44	8,146,405.44	
Work injury insurance		341,328.03	341,328.03	
Others				
IV. Housing fund		9,733,501.00	9,733,501.00	
V. Union fund and employee education fund	672,705.24	1,824,468.89	1,945,243.26	551,930.87
VI. Short-term paid leaves				
VII. Short-term benefits sharing scheme				
VIII. Other short-term benefits				
Total	18,654,491.01	105,259,284.59	107,228,266.81	16,685,508.79

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(XVIII) Employee benefits payable *(continued)*

3. Defined contribution plan

Item	Balance as at 31 December 2023	Increase	Decrease	Balance as at 31 December 2024
I. Basic pension insurance		13,089,154.56	13,089,154.56	
II. Unemployment insurance		409,056.03	409,056.03	
III. Annuity				
Total		13,498,210.59	13,498,210.59	

(XIX) Taxes and surcharges payable

Tax category	Balance as at 31 December 2024	Balance as at 31 December 2023
Value-added tax	2,254,277.53	8,013,254.31
Others	475,426.15	534,815.59
Total	2,729,703.68	8,548,069.90

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(XX) Other payables

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Interest payable		
Dividends payable	10,974,939.71	10,974,939.71
Other payables	12,250,665.60	12,171,261.70
Total	23,225,605.31	23,146,201.41

1. Other payables

(1) *Categorized by nature*

Item	Closing balance	Opening balance
Payables to related parties	1,912,399.24	1,523,071.59
Accrued expenses	2,587,909.55	2,913,380.37
Others	7,750,356.81	7,734,809.74
Total	12,250,665.60	12,171,261.70

(XXI) Non-current liabilities due within one year

Category	Balance as at 31 December 2024	Balance as at 31 December 2023
Lease liabilities due within one year	1,214,547.60	557,280.42
Total	1,214,547.60	557,280.42

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XXII) Other current liabilities

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Output tax to be transferred	25,351,571.39	24,950,086.32
Total	25,351,571.39	24,950,086.32

(XXIII) Lease liabilities

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Lease payments	1,846,551.95	1,198,833.86
Less: Unrecognised finance charges expenses	70,502.18	63,588.53
Reclassified to non-current liabilities due within one year	1,214,547.60	557,280.42
Net lease liabilities	561,502.17	577,964.91

(XXIV) Deferred income

Item	Balance as at 31 December 2023	Increase	Decrease	Balance as at 31 December 2024
Government grants	96,941,785.44	11,843,200.00	5,428,605.37	103,356,380.07
Total	96,941,785.44	11,843,200.00	5,428,605.37	103,356,380.07

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(XXIV) Deferred income *(continued)*

Government grants

Item	Category	Balance as at 31 December 2023	New grants	Amount included in profit or loss	Returned amount	Other changes	Balance as at 31 December 2024
河畔星城 medium pressure pipeline	Relevant to asset	2,533,947.66		180,999.00			2,352,948.66
富力桃園 medium pressure pipeline	Relevant to asset	2,235,565.59		468,886.44			1,766,679.15
Pipeline reconstruction	Relevant to asset	80,877,849.79		4,188,712.56			76,689,137.23
鄱陽南路睿思路 medium pressure pipeline	Relevant to asset	1,835,243.30		99,042.60			1,736,200.70
Indoor hidden danger rectification project	Relevant to asset	9,459,179.10		472,831.44			8,986,347.66
Gas pipeline renovation and upgrading project	Relevant to asset		5,440,000.00	18,133.33			5,421,866.67
Gas riser/facility upgrading project	Relevant to asset		1,203,200.00				1,203,200.00
Indoor gas riser renovation and upgrading project in old districts	Relevant to asset		5,200,000.00				5,200,000.00
Total		96,941,785.44	11,843,200.00	5,428,605.37			103,356,380.07

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XXV) Share capital

Name of investors	Balance as at 31 December 2023		Increase	Decrease	Balance as at 31 December 2024	
	Investment amount	Percentage (%)			Investment amount	Percentage (%)
津燃華潤燃氣有限公司	129,754,780.00	70.54			129,754,780.00	70.54
Public shares	50,006,000.00	27.19			50,006,000.00	27.19
Tang Jie	4,170,000.00	2.27			4,170,000.00	2.27
Total	183,930,780.00	100.00			183,930,780.00	100.00

Note: The registered capital of the Company is RMB183,930,780.00, which was entirely contributed till 11 April 2011. The above share capital contributed by shareholders has been verified by Tianjian (2001) Yan Zi No.026 capital verification report issued by Pan-China Certified Public Accountants LLP, Jin Guangxin Yan Wai H Zi (2007) No.034 capital verification report issued by Tianjin Guangxin Accounting Firm, and Wuzhou Songde Yan Zi (2009) No.0004 and (2011) No.1-0052 capital verification reports issued by Wuzhou Songde Union Accounting Firm.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XXVI) Capital reserve

Item	Balance as at 31 December 2023	Increase	Decrease	Balance as at 31 December 2024
I. Capital (or Share) premium	788,701,906.45			788,701,906.45
II. Others	1,630,445.73			1,630,445.73
Total	790,332,352.18			790,332,352.18

Note 1: The Company issued 300,000,000 H Shares at a price of HKD0.25 per share (par value of RMB0.1 each) to offshore investors and converted 30,000,000 Domestic Shares into H Shares by way of placing for listing of H Shares on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 January 2004. The Company received net proceeds, after deducting all relevant share issue expenses, of RMB64,667,255.43 from the new issue of shares by way of public offer and placing which included share capital of RMB33,000,000.00 and share premium of RMB31,667,255.43. On 13 March 2008, the Company issued 154,600,000 H Shares at a price of HKD1.90 per share (par value of RMB0.1 each) to offshore investors and converted 15,460,000 Domestic Shares into H Shares by way of placing of new shares on the GEM. The Company received net proceeds, after deducting all relevant share issue expenses, of RMB253,009,696.34 which included share capital of RMB17,006,000.00 and the premium of RMB236,003,696.34. On 7 April 2011, the Company acquired assets, such as pipeline network, at fair value of RMB590,001,734.68 from Tianjin Gas Group Company Limited (天津市燃氣集團有限公司) (“Tianjin Gas”). To satisfy the consideration, the Company issued 689,707,800 Domestic Shares (par value of RMB0.1 each) to Tianjin Gas which represented share capital of RMB68,970,780.00 and the premium of RMB521,030,954.68. The transaction was completed on 11 April 2011.

Note 2: Others were transferred from unsettled payables before the transformation, which could be used to increase capital.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XXVII) Specialised reserve

Item	Balance as at 31 December 2023	Increase	Decrease	Balance as at 31 December 2024	Notes
Safety production funds	361.02	14,361,520.17	14,358,866.49	3,014.70	
Total	361.02	14,361,520.17	14,358,866.49	3,014.70	

(XXVIII) Surplus reserve

Item	Balance as at 31 December 2023	Increase	Decrease	Balance as at 31 December 2024
Statutory surplus reserves	11,036,279.69			11,036,279.69
Reserve fund	78,160,828.95			78,160,828.95
Enterprise expansion fund	39,080,414.49			39,080,414.49
Total	128,277,523.13			128,277,523.13

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(XXIX) Retained earnings

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Balance at the end of last year	328,132,030.25	483,304,751.98
Opening adjustment amount		
Balance at the beginning of the period	328,132,030.25	483,304,751.98
Increase for the current period	-46,329,130.88	-155,172,721.73
Including: Net profit transferred		
for the current period	-46,329,130.88	-155,172,721.73
Other adjustment factors		
Decrease for the current period		
Including: Extraction of surplus		
reserve for the current period		
Extraction of general risk provisions		
for the current period		
Distribution of cash dividend		
for the current period		
Conversed capital		
Other decreases		
Balance as at the end of the period	281,802,899.37	328,132,030.25

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(XXX) Operating income and operating costs

Item	2024		2023	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	1,595,278,614.93	1,628,041,790.88	1,780,511,003.01	1,852,080,540.87
Others	21,357.17		16,285.75	
Total	1,595,299,972.10	1,628,041,790.88	1,780,527,288.76	1,852,080,540.87

1. Breakdown of operating income:

Item	2024	2023
Revenue from contracts with customers	1,595,288,971.18	1,780,527,288.76
Rentals	11,000.92	
Total	1,595,299,972.10	1,780,527,288.76

2. Disaggregation of revenue from contracts with customers is as follows:

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Revenue recognised at a point in time	1,561,471,384.45	1,607,002,658.12	1,729,420,471.58	1,825,516,879.77
Sales of piped gas	1,559,157,167.04	1,606,854,475.11	1,724,927,637.16	1,822,234,839.29
Sales of gas appliances and others	2,314,217.41	148,183.01	4,492,834.42	3,282,040.48
Revenue recognised over time	33,828,587.65	21,039,132.76	51,106,817.18	26,563,661.10
Gas connection income	33,828,587.65	21,039,132.76	50,917,178.62	24,622,617.90
Gas transportation			189,638.56	1,941,043.20
Total	1,595,299,972.10	1,628,041,790.88	1,780,527,288.76	1,852,080,540.87

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(XXX) Operating income and operating costs *(continued)*

3. Revenue recognised that was included in contract liabilities at the beginning of the period

Item	2024	2023
Sales of piped gas	125,341,355.78	214,589,812.91
Gas connection	7,387,027.03	31,021,080.65
Sales of gas appliances and others		1,347,660.71
Total	132,728,382.81	246,958,554.27

Notes:

- 1) Sales of piped gas: The performance obligation is satisfied upon delivery of the products and payment is generally due within 90 to 180 days from delivery with respect to large scale industrial and commercial customers. For other customers, payment in advance is normally required.
- 2) Sales of gas appliances and others: The performance obligation is satisfied upon delivery of the products and payment in advance is normally required before delivering the products.
- 3) Gas connection: The performance obligation is satisfied over time as services are rendered and payment in advance is normally required before rendering the construction services.
- 4) Gas transportation: The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 to 180 days from the date of rendering the services.
- 5) As at 31 December 2024, the transaction price allocated to the remaining performance obligation was RMB281,515,791.55 (31 December 2023: RMB277,406,667.12) and the Group expects that this amount will be recognized as revenue in future upon delivery of the products or based on the progress of completion of gas connection.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XXXI) Taxes and surcharges

Item	2024	2023
Property tax	378,094.76	378,094.76
Tenure tax	373,943.50	373,943.50
City maintenance and construction tax	250,210.41	52,748.10
Education supplementary tax	107,233.03	22,606.33
Local education surcharge	43,193.05	15,070.89
Others	582,177.32	711,683.09
Total	1,734,852.07	1,554,146.67

(XXXII) Administrative expenses

Item	2024	2023
Employee benefits	20,071,718.56	20,409,570.69
Depreciation and amortisation	2,861,222.29	2,414,007.17
Agency fees	5,670,455.64	5,303,023.26
Others	5,976,097.18	6,305,749.11
Total	34,579,493.67	34,432,350.23

(XXXIII) Finance costs

Item	2024	2023
Interest expenses	93,227.79	62,080.97
Less: Interest income	15,392,937.62	24,888,696.81
Handling fee	232,987.89	228,894.67
Total	-15,066,721.94	-24,597,721.17

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(XXXIV) Other income

Item	Type	2024	2023
Deferred income	Relating to assets	5,428,605.37	5,026,225.04
Others	Relating to revenue	26,302.57	30,967.99
Total		5,454,907.94	5,057,193.03

(XXXV) Investment income

Source of investment income	2024	2023
Profit from long-term equity investments under the equity method	-292,204.55	-753,438.05
Total	-292,204.55	-753,438.05

(XXXVI) Credit impairment loss

Item	2024	2023
Bad debt loss	-75,185.47	690,798.90
Total	-75,185.47	690,798.90

(XXXVII) Asset impairment losses

Item	2024	2023
Fixed asset impairment loss	0.00	-86,914,475.13
Total	0.00	-86,914,475.13

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XXXVIII) Non-operating income

Item	2024	2023	Amount recognised in non-recurring profit and loss in the current period
No payment required	2,500,000.00		2,500,000.00
Disposal of non-current assets		250.53	
Others	39.50	3,969.16	39.50
Total	2,500,039.50	4,219.69	2,500,039.50

(XXXIX) Non-operating expenses

Item	2024	2023	Amount recognised in non-recurring profit and loss in the current period
Losses from spoilage and obsolescence of non-current assets	1,317,375.31	438,340.20	1,317,375.31
Late fees and fines	312.68	8,825.68	312.68
Others	7,365.93	155,417.50	7,365.93
Total	1,325,053.92	602,583.38	1,325,053.92

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(XL) Income tax expense

1. Income tax expense

Item	2024	2023
Current income tax expense		
Deferred income tax expense	-1,631,087.83	-10,265,324.96
Total	-1,631,087.83	-10,265,324.96

2. Reconciliation between accounting profit and income tax expenses

Item	Amount for the current period
Total profit	-47,726,939.08
Income tax expenses at statutory/applicable tax rates	-11,931,734.76
Effect of income not subject to tax	73,051.14
Effect of non-deductible costs, expenses and losses	735.27
Effect of deductible losses for which no deferred income tax asset was recognized in the prior period of use	-486,006.13
Effect of deductible temporary differences or deductible losses for which deferred income tax assets are not recognized in the current period	10,712,866.65
Income tax expenses	-1,631,087.83

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

(XLI) Earnings per share

Item	2024 RMB/Share	2023 RMB/Share
Basic (loss)/earnings per share		
from continuing operations	-0.025	-0.084
Diluted (loss)/earnings per share		
from continuing operations	-0.025	-0.084

The calculation of basic (loss)/earnings per share is based on the net profit/(loss) for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares is determined according to the specific terms of the issue contract and calculated from the date of consideration receivable (normally the stock issue date).

The calculation of the basic (loss)/earnings per share and diluted (loss)/earnings per share is as follows:

	2024 RMB/Share	2023 RMB/Share
(Loss)/earning		
Net profit/(loss) for the period attributable to ordinary shareholders of the Company	-46,329,130.88	-155,172,721.73
Shares		
Weighted average number of ordinary shares in issue of the Company	1,839,307,800.00	1,839,307,800.00

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XLII) Consolidated statement of cash flows

1. Supplementary information to the statement of cash flows

Item	2024	2023
1. Adjustment of net profit to cash flows from operating activities:	—	—
Net profit	-46,095,851.25	-155,194,987.82
Add: Impairment loss on assets	—	86,914,475.13
Credit impairment loss	75,185.47	-690,798.90
Depreciation of fixed assets, depreciation of oil and gas assets and depreciation of productive biological assets	65,895,455.82	68,726,307.52
Depreciation of right of use assets	1,115,955.81	557,527.20
Amortisation of intangible assets	482,471.54	491,008.99
Amortisation of long-term deferred expenses	228,012.77	161,996.70
Loss from disposal of fixed assets, intangible assets and other long-term assets ("—" for gains)	1,317,375.31	438,340.20
Loss on scrap of fixed assets ("—" for gains)	1,317,375.31	438,340.20
Decrease in deferred income ("—" for gains)	-6,414,594.63	-4,523,774.96
Loss on change of fair value ("—" for gains)	93,227.79	-314,919.03
Finance costs ("—" for gains)	292,204.55	753,438.05
Investment loss ("—" for gains)	292,204.55	753,438.05
Decrease in deferred tax assets ("—" for increase)	-1,631,087.83	-10,265,324.96
Increase in deferred tax liabilities ("—" for decrease)	355,014.03	2,242,083.44
Decrease in inventories ("—" for increase)	355,014.03	2,242,083.44
Decrease in operating receivables ("—" for increase)	30,779,903.15	117,980,925.95
Increase in operating payables ("—" for decrease)	-123,680,191.44	-169,912,507.12
Others	-77,186,918.91	-62,636,209.61
Cash flow generated from operating activities, net	-77,186,918.91	-62,636,209.61
2. Major investment and financing activities irrelevant to cash income and expenses:	—	—
3. Net movement in cash and cash equivalents:	—	—
Closing balance of cash	694,789,660.39	789,472,606.25
Less: Opening balance of cash	789,472,606.25	964,053,334.91
Add: Closing balance of cash equivalents	—	—
Less: Opening balance of cash equivalents	—	—
Net increase in cash and cash equivalents	-94,682,945.86	-174,580,728.66

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(XLII) Consolidated statement of cash flows (continued)

2. Assets with restricted ownership and use rights

For details, please refer to “VI. (XV) Assets with restricted ownership and use rights”.

(XLIII) Lease

1. As the lessee

Item	Amount
Variable lease payments accounted for the cost of the underlying asset or current profit or loss that are not included in the measurement of lease liabilities	450,150.38
Including: the portion from sale and leaseback transaction	
Short-term lease expenses accounted for the cost of the underlying asset or current profit or loss under the simplified approach	450,150.38
Low-value assets lease expenses accounted for the cost of the underlying asset or current profit or loss under the simplified approach (except for short-term lease expenses on low-value assets)	
Total cash outflow for leases	1,490,608.00

2. As the lessor

(1) Operating lease

Item	Rentals	Including: variable lease payments not included in lease receivables
Lease of buildings	11,000.92	11,000.92
Total	11,000.92	11,000.92

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VII. INTERESTS IN OTHER ENTITIES

(I) Interests in subsidiaries

1. Composition of corporation group

Name of subsidiaries	Type of company	Place of registration	Legal representative	Nature of business	Registered capital (RMB)	Proportion of shareholding (%)	Proportion of votes (%)	Organizing institution bar code
天津天聯節能科技有限公司(former name: 天津天聯投資有限公司)	Limited liability company	Tianjin, the PRC	Zhang Guo Jian	Technology promotion and application services	RMB20 million	100%	100%	67146107-8
貴州津維礦業投資有限公司	Limited liability company	Guizhou, the PRC	Zhang Guo Jian	Mining	RMB16 million	88%	88%	67543206-3
貴州省台江縣國新鉛鋅選礦有限責任公司 (deregistered)	Limited liability company	Guizhou, the PRC	Zhang Guo Jian	non-ferrous metal mining and processing	RMB5 million	100%	100%	75015762-1

2. Interests in joint ventures or associates

1. Main joint ventures and associates

Name of the joint venture and associate	Principal place of business	Place of registration	Nature of business	Registered capital (RMB)	Proportion of shareholding (%)	Accounting method of investment
					Direct/Indirect	
天津市濱海燃氣有限公司	Tianjin, the PRC	Tianjin, the PRC	Gas sales and transportation	7.2 million	30.55%	Equity method

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VII. INTERESTS IN OTHER ENTITIES (continued)

(I) Interests in subsidiaries (continued)

2. Interests in joint ventures or associates (continued)

2. Principal financial information of significant associates (other than those classified as held for sale)

Item	Current period 天津市濱海燃氣 有限公司	Last period 天津市濱海燃氣 有限公司
Current assets	133,438,064.79	130,544,887.81
Non-current assets	213,948,081.21	225,634,253.80
Total assets	347,386,146.00	356,179,141.61
Current liabilities	119,159,894.01	119,077,659.76
Non-current liabilities	64,520,440.39	72,447,876.91
Total liabilities	183,680,334.40	191,525,536.67
Net assets	163,705,811.60	164,653,604.94
Net assets portion based on shareholding	50,012,125.44	50,301,676.31
Adjustment	3,594,819.38	3,594,819.38
Carrying amount of equity investments in associates	53,606,944.82	53,896,495.69
Fair value of equity investments for which publicly quoted prices exist		
Operating income	249,053,309.56	258,626,053.33
Net profit	-956,479.69	-219,044.62
Other comprehensive income		
Total comprehensive income	-956,479.69	-219,044.62
Dividends received from associates during the period		

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VIII.RISKS RELATED TO FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (primarily interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Classification of financial instruments

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

31 December 2024

Financial assets	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Total
Cash and bank balances	694,923,802.41		694,923,802.41
Accounts receivables	238,095,204.64		238,095,204.64
Receivables under financing		16,197,905.68	16,197,905.68
Other receivables	1,013,407.94		1,013,407.94
Total	934,032,414.99	16,197,905.68	950,230,320.67

Financial liabilities	Financial liabilities measured at amortised cost	Total
Trade payables	192,298,693.30	192,298,693.30
Other payables	23,225,605.31	23,225,605.31
Total	215,524,298.61	215,524,298.61

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VIII.RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Classification of financial instruments (continued)

31 December 2023

Financial assets	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Total
Cash and bank balances	789,606,526.80		789,606,526.80
Accounts receivables	192,300,181.77		192,300,181.77
Receivables under financing		93,811,058.30	93,811,058.30
Other receivables	1,914,926.56		1,914,926.56
Total	983,821,635.13	93,811,058.30	1,077,632,693.43

Financial liabilities	Financial liabilities measured at amortised cost	Total
Trade payables	296,882,410.08	296,882,410.08
Other payables	23,146,201.41	23,146,201.41
Total	320,028,611.49	320,028,611.49

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

Classification of financial instruments *(continued)*

1. Market risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits. As the bank deposits of the Group are mainly current deposits and fixed deposits with terms over 3 months. Accordingly, the Group is not exposed to any significant interest rate risk.

2. Credit risk

Credit risk generally refers to losses arising from a customer's or counterparty's failure to meet its contractual obligation.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, balances of accounts receivables are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not settled in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Department of Credit Control in the Group.

Since the Group trades with creditworthy and high credit rating banks and finance institution, the related credit risk of cash and bank balances, bank acceptance bills receivable and financial company acceptance bills receivable is rather low.

The credit risk of other financial assets, which comprise accounts receivables and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The maximum exposure to credit risk of the Group at each balance sheet date is the total amount charged to the customers less the amount of the impairment provision.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

Classification of financial instruments *(continued)*

2. Credit risk *(continued)*

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed according to customers/counterparty, geographic areas and industries. As at 31 December 2024, the Group had certain concentrations of credit risk as 48% (31 December 2023: 41%) and 81% (31 December 2023: 73%) of the Group's accounts receivables were due from the Group's largest customer and the five largest customers, respectively. The Group did not hold any collateral or other credit enhancements over the balances of accounts receivables.

(1) Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, the external credit rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria have been met:

- ① Quantitative criteria are mainly that the increase in probability of default for remaining lifetime at the reporting date is considered to be significant comparing with the one at initial recognition;
- ② Qualitative criteria are the significant adverse change in debtor's operation or financial status, the watch-list, etc.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VIII.RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

Classification of financial instruments *(continued)*

2. Credit risk *(continued)*

(2) Definition of credit-impaired financial assets

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of a debtor occurred, the following factors are mainly considered:

- ① Significant financial difficulty of the issuer or debtor;
- ② Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- ③ The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- ④ It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- ⑤ The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;
- ⑥ The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

Classification of financial instruments *(continued)*

2. Credit risk *(continued)*

(3) Exposure to credit risk

As at 31 December 2024 and 31 December 2023, the Group used the expected credit loss rate in making provision for bad debts of receivables according to expected credit losses over 12 months and entire lifetime. Please refer to Note VI. (II) Accounts receivables and Note VI. (V) Other receivables.

The above-mentioned expected average loss rate is based on historical actual bad debt rate and takes current conditions and forecasts of future economic conditions into consideration. From 1 January 2024 to 31 December 2024, the Group's assessment methods and major assumptions have not changed.

3. Liquidity risk

Liquidity risk generally refers to the risk of experiencing a shortage of funds to meet obligations associated with financial liabilities, and liquidity refers to whether the asset has the ability to quickly realise without losing value. The liquidity of funds affects the ability of the Company to repay the maturing debt.

The Group's management monitors the liquidity risk of the Group on an ongoing basis to ensure the availability of sufficient cash and cash equivalents to meet operation needs and decrease the influence of cash flow fluctuations.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

VIII.RISKS RELATED TO FINANCIAL INSTRUMENTS *(continued)*

Classification of financial instruments *(continued)*

4. 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 maximise returns for shareholders and other stakeholders.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or dispose of assets to settle the liabilities.

The Group's total capital refers to shareholders' equity listed in the statement of financial position. The Group is not subject to any externally imposed capital requirements and monitors capital using a gearing ratio.

The gearing ratios of the Group as at 31 December 2024 and 31 December 2023 were as follows:

Item	31 December 2024	31 December 2023
Gearing ratio	31.87%	34.34%

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

IX. FAIR VALUE

(I) Fair value measurement hierarchy

The level within which the results of the measurements at fair value fall depends on the lowest level of inputs that are significant to the measurement at fair value as a whole. The three levels of inputs are defined as:

Level 1 input: the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market;

Level 2 input: the direct or indirect observable input value of related assets or liabilities other than the Level 1 input value;

Level 3 input: the unobservable input value of related assets or liabilities.

(II) Analysis of assets and liabilities measured at fair value by fair value hierarchy

Item	31 December 2024		
	Level 1	Level 2	Level 3
Receivables under financing	16,197,905.68		

Item	31 December 2023		
	Level 1	Level 2	Level 3
Receivables under financing	93,811,058.30		

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

X. COMMITMENTS

Item	31 December 2024	2023年12月31日
Signed but not capital committed	19,083,103.24	97,735,939.70

XI. POST BALANCE SHEET EVENTS

Nil.

XII. OTHER SIGNIFICANT EVENTS

(I) Segment report

The main business of the Group is sales of piped gas and gas connection. The Group considers this business as a whole for management and evaluation of business results. The Group does not need to prepare segment reporting.

Information about products and services: for the operating revenue classified by category, please refer to Note VI.(XXX).

Geographical information: all the Group's operations and non-current assets are located in Mainland China; all of its revenue from external parties is generated from Mainland China.

Information about major customers: in 2024, the Group's revenue from a single customer that accounts for more than 10% of the Group's total revenue derived from two customers (2023: two), which amounted to RMB370,415,606.90 and RMB282,344,246.88, respectively (2023: RMB429,145,789.87 and RMB272,858,531.90).

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XII. OTHER SIGNIFICANT EVENTS (continued)

(II) Remuneration of Directors, Supervisors and Senior Management

The remuneration of directors, supervisors and senior management for the year is disclosed as follows:

Items	2024	2023
Fees	275,000.00	300,000.00
Other emoluments:		
Salaries, allowances and non-cash benefits	1,325,188.50	1,362,382.05
Performance related bonuses	1,191,335.00	733,031.00
Pension scheme contributions	265,903.68	262,541.28
Total	3,057,427.18	2,357,954.33

1. Independent Non-executive Directors

The remuneration paid to Independent Non-executive Directors for the Year is as follows:

Person	2024	2023
Zhang Ying Hua (Note 1)	25,000.00	50,000.00
Yu Jian Jun	50,000.00	50,000.00
Guo Jia Li (Note 1)	25,000.00	50,000.00
Ji Xuefeng (Note 1)	25,000.00	
Bai Mo (Note 1)		
Total	125,000.00	150,000.00

Note 1: Mr. Zhang Ying Hua and Mr. Guo Jia Li ceased to serve as Independent Non-executive Directors of the Group on 27 June 2024. On 27 June 2024, Ms. Ji Xuefeng and Mr. Bai Mo were appointed as Independent Non-executive Directors of the Group to fill the vacancies.

There was no other remuneration payable to the Independent Non-executive Directors during the year (2023: Nil).

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XII. OTHER SIGNIFICANT EVENTS *(continued)*

(II) Remuneration of Directors, Supervisors and Senior Management

2. Executive Directors, Non-executive Directors, Senior Management and Supervisors

2024

Person	Remuneration	Salaries, allowances, and non-cash benefits	Performance related bonuses	Pension scheme contributions	Total remuneration
Executive Directors:					
Wang Cong (Note 1&7)					
Tang Jie	50,000.00				50,000.00
Sun Liangchuan (Note 5)		262,795.02	296,876.00	46,659.84	606,330.86
Sub-total	50,000.00	262,795.02	296,876.00	46,659.84	656,330.86
Non-executive Directors:					
Zhang Jinghan (Note 6)					
Sha Caiping (Note 2&9)					
Yang Zufeng (Note 2&9)					
Sub-total					
Supervisors:					
Hao Yunhe (Note 8)					
Zhang Tingting		160,412.40	129,680.00	38,158.08	328,250.48
Liu Zhi Yuan	50,000.00				50,000.00
Bian Hong (Note 4)	25,000.00				25,000.00
You Hui Yan		148,625.64	128,870.00	36,453.12	313,948.76
Xu Hui (Note 4)	25,000.00				25,000.00
Sub-total	100,000.00	309,038.04	258,550.00	74,611.20	742,199.24
Other senior managers		753,355.44	635,909.00	144,632.64	1,533,897.08
Total	150,000.00	1,325,188.50	1,191,335.00	265,903.68	2,932,427.18

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XII. OTHER SIGNIFICANT EVENTS (continued)

(II) Remuneration of Directors, Supervisors and Senior Management (continued)

2. Executive Directors, Non-executive Directors, Senior Management and Supervisors (continued)

2023

Person	Remuneration	Salaries, allowances, and non-cash benefits	Performance related bonuses	Pension scheme contributions	Total remuneration
Executive Directors:					
Tang Jie	50,000.00				50,000.00
Chen Tao (Note 1&6)					
Sun Liangchuan (Note 5)		282,226.72	189,915.00	43,920.00	516,061.72
Sub-total	50,000.00	282,226.72	189,915.00	43,920.00	566,061.72
Non-executive Directors:					
Guan Na (Note 2&6)					
Wu Fang (Note 2&6)					
Zhang Jinghan (Note 6)					
Sub-total					
Supervisors:					
Xu Peng (Note 3&6)					
Zhang Tingting		160,187.98	132,550.00	37,144.32	329,882.30
Xu Hui (Note 4)	50,000.00				50,000.00
Liu Zhi Yuan	50,000.00				50,000.00
You Hui Yan		147,929.68	131,740.00	35,496.96	315,166.64
Sub-total	100,000.00	308,117.66	264,290.00	72,641.28	745,048.94
Other senior managers		772,037.67	278,826.00	145,980.00	1,196,843.67
Total	150,000.00	1,362,382.05	733,031.00	262,541.28	2,507,954.33

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XII. OTHER SIGNIFICANT EVENTS *(continued)*

(II) Remuneration of Directors, Supervisors and Senior Management *(continued)*

2. Executive Directors, Non-executive Directors, Senior Management and Supervisors *(continued)*

Note 1: Mr. Chen Tao ceased to serve as Chairman of the Group on 19 February 2024. On the same date, Mr. Wang Cong was appointed as Chairman of the Group to fill the vacancy.

Note 2: Ms. Wu Fang and Ms. Guan Na ceased to serve as Non-executive Directors of the Group on 27 June 2024. On the same date Ms. Sha Caiping and Mr. Yang Zufeng were appointed as Non-executive Directors of the Group to fill the vacancies.

Note 3: Mr. Xu Peng ceased to serve as Supervisor of the Group on 14 March 2024. On 14 March 2024, Ms. Hao Yunhe was appointed as Supervisor of the Group to fill the vacancy.

Note 4: Ms. Xu Hui ceased to serve as Supervisor of the Group on 27 June 2024. On 27 June 2024, Mr. Bian Hong was appointed as Supervisor of the Group to fill the vacancy.

Note 5: This Director has waived remuneration since 29 June 2020.

Note 6: These Directors have waived remuneration since 1 August 2022.

Note 7: This Director has waived remuneration since 19 February 2024.

Note 8: This Director has waived remuneration since 27 June 2024.

There were no other payments made or benefits provided by the Group in respect of the termination of the services of directors, whether in the capacity of directors or in any other capacity while being directors during the year.

3. Top five highest-paid employees

The five highest paid employees during the year included one director (2023: one director), details of whose remuneration are set out in Note XII(II)2. Details of remunerations for the year of the remaining four (2023: four) highest paid employees who are not a director or supervisor but three of them are the senior management of the Company and one of them is the middle management of the Company are as follows:

Person	2024	2023
Salaries, allowances, and non-cash benefits	716,406.84	772,037.67
Performance related bonuses	715,252.00	278,826.00
Pension scheme contributions	148,737.60	145,980.00
Total	1,580,396.44	1,196,843.67

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XII. OTHER SIGNIFICANT EVENTS (continued)

(II) Remuneration of Directors, Supervisors and Senior Management (continued)

3. Top five highest-paid employees (continued)

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following band is as follows:

Person	2024	2023
Nil to HK\$1,000,000	4	4

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(I) Parent company

Name	Place of registration	Nature of business	Registered capital (RMB)	Proportion of shareholding (%)	Proportion of votes (%)
Jinran China Resources Gas Co., Ltd.	Tianjin, the PRC	Operation of gas; various types of engineering construction activities; installation and repair of gas-fired appliance etc.	5 billion	70.5454%	70.5454%

(II) Subsidiaries

The subsidiaries of the Company are detailed in Note “VII. Interests in other entities”.

(III) Associate and joint venture

Major associates and joint venture are detailed in Note “VII. Interests in other Entities”.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIII.RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(continued)

(IV) Other related parties

Name of other related parties	Relationship with other related parties
天津濱海中油燃氣有限責任公司	A subsidiary of the controlling shareholder
天津市聯益燃氣配套工程有限責任公司	A subsidiary of the controlling shareholder
天津市燃氣熱力規劃設計研究院有限公司	A subsidiary of the controlling shareholder
天津市液化氣工程有限公司	A subsidiary of the controlling shareholder
天津市裕民燃氣表具有限公司	A subsidiary of the controlling shareholder
天津市允孚燃氣科貿有限公司	A subsidiary of the controlling shareholder
天津市眾元天然氣工程有限公司	A subsidiary of the controlling shareholder
天津濱燃管網建設有限公司	A sub subsidiary of the controlling shareholder
天津泰華燃氣有限公司	A sub subsidiary of the controlling shareholder
天津市罡世燃氣科工貿發展有限公司	A sub subsidiary of the controlling shareholder
天津市燃氣集團有限公司	The investor who exercise joint control over the controlling shareholder
華潤燃氣(鄭州)市政設計研究院有限公司	A subsidiary of the investor who exercise joint control over the controlling shareholder
天津濱海中油燃氣有限責任公司	A subsidiary of the controlling shareholder
天津市熱力有限公司	A subsidiary of the investor who exercise joint control over the controlling shareholder
天津市津燃置業投資有限公司	A subsidiary of the investor who exercise joint control over the controlling shareholder
天津市液化氣有限責任公司	A sub subsidiary of the investor who exercise joint control over the controlling shareholder
天津能源投資集團有限公司	The ultimate controller of the investor who exercise joint control over the controlling shareholder
天津能源投資集團科技有限公司	A subsidiary of the ultimate controller of the investor who exercise joint control over the controlling shareholder
天津市津能投資有限公司	A subsidiary of the ultimate controller of the investor who exercise joint control over the controlling shareholder
天津市津能工程管理有限公司	A subsidiary of the ultimate controller of the investor who exercise joint control over the controlling shareholder
天津市熱電有限公司	A subsidiary of the ultimate controller of the investor who exercise joint control over the controlling shareholder
天津華潤萬家生活超市有限公司	A subsidiary of the ultimate controller of the investor who exercise joint control over the controlling shareholder

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIII.RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(continued)

(V) Related party transactions

1. Related party transactions in relation to sales and purchase of goods and services

(1) Purchase of goods and services between related parties

Name	Details of related party transaction	Amounts for 2024	Amounts for 2023
津燃華潤燃氣有限公司	Purchase of piped gas	1,408,661,166.79	1,613,651,046.18
天津市裕民燃氣表具有限公司	Purchase of gas meters	331,409.78	17,591,281.97
津燃華潤燃氣有限公司	Purchase of gas meters		11,536,190.08
天津市液化氣工程有限公司	Engineering construction services	1,737,299.31	1,932,944.21
天津市聯益燃氣配套工程有限責任公司	Engineering construction services	4,047,801.85	3,804,077.96
天津市眾元天然氣工程有限公司	Engineering construction services	26,253,043.03	8,654,065.66
津燃華潤燃氣有限公司	Engineering construction services		45,965,405.20
天津市允孚燃氣科貿有限公司	Procurement of engineering materials	192,551.32	
津燃華潤燃氣有限公司	Gas meter installation services		3,257,948.33
華潤燃氣(鄭州)市政設計研究院有限公司	Pipeline design services		785,923.28
天津市燃氣熱力規劃設計研究院有限公司	Pipeline design services	956,559.38	683,089.94
天津市津能工程管理有限公司	Engineering supervision service	153,757.80	
天津市津燃置業投資有限公司	Cleaning and property services	362,405.66	
天津市津燃置業投資有限公司	Property rental services	1,395,349.83	
Total		1,444,091,344.75	1,707,861,972.81

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIII.RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(continued)

(V) Related party transactions (continued)

1. Related party transactions in relation to sales and purchase of goods and services

(continued)

(2) Sales of goods and services between related parties

Name of related parties	Details of related party transaction	Amounts for 2024	Amounts for 2023
天津泰華燃氣有限公司	Sales of piped gas	1,306,765.00	272,858,531.90
天津濱燃管網建設有限公司	Sales of piped gas	282,344,246.88	
天津市熱力有限公司	Sales of piped gas	321,350.52	1,981,651.68
天津濱海中油燃氣有限責任公司	Sales of piped gas	151,424.44	175,832.68
天津能源投資集團有限公司	Sales of piped gas		25,087.57
天津市眾元天然氣工程有限公司	Sales of piped gas		18,519.28
天津華潤萬家生活超市有限公司	Sales of piped gas	536,791.32	645,734.22
津燃華潤燃氣有限公司	Gas transportation services		189,638.56
天津市眾元天然氣工程有限公司	Engineering construction services	584,637.36	
天津市眾元天然氣工程有限公司	Property rental services	11,000.92	
天津市液化氣工程有限公司	Consultation services	723,426.00	
Total		285,979,642.44	275,894,995.89

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIII.RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(continued)

(V) Related party transactions (continued)

2. Lease

Lessor	Lessee	Assets leased	Rent	Start date	End date	Rental income	Rental income basis
天津市津燃置業投資有限公司	Tianjin Jinran Public Utilities Company Limited	Property	557,527.20	2023/1/1	2025/12/31		Lease contract
天津市津燃置業投資有限公司	Tianjin Jinran Public Utilities Company Limited	Property	511,525.46	2024/1/1	2026/12/31		Lease contract
天津市津燃置業投資有限公司	Tianjin Jinran Public Utilities Company Limited	Property	233,142.88	2024/1/1	2024/12/31		Lease contract
天津市津燃置業投資有限公司	Tianjin Jinran Public Utilities Company Limited	Property	93,154.29	2023/4/1	2024/3/31		Lease contract
Jining Branch Company of Tianjin Jinran Public Utilities Company Limited (天津津燃公用事業股份有限公司集寧分公司)	天津市聚元天然氣工程有限公司	Property		2023/10/17	2025/10/16	11,000.92	Lease contract

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIII.RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(continued)

(VI) Amounts due from or due to related parties

1. Receivables

Item	Related parties	Balance as at 31 December 2024		Balance as at 31 December 2023	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivables	天津濱燃管網建設有限公司	120,356,145.39			
Accounts receivables	天津泰華燃氣有限公司			45,838,076.26	
Accounts receivables	天津濱海中油燃氣有限責任公司	299.11		32,398.22	
Accounts receivables	天津市液化氣工程有限公司			336.75	
Accounts receivables	津燃華潤燃氣有限公司	206,705.99		206,705.99	
Prepayments	天津市熱力有限公司	87,636.00			
Other receivables	津燃華潤燃氣有限公司	583,643.33		415,418.25	
Total		121,234,429.82		46,492,935.47	

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIII.RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(continued)

(VI) Amounts due from or due to related parties (continued)

2. Payables

Item	Related parties	Balance as at 31 December 2024	Balance as at 31 December 2023
Accounts payables	津燃華潤燃氣有限公司	54,834,004.83	156,002,492.99
Accounts payables	天津市聯益燃氣配套工程有限責任公司	11,922,855.37	14,548,935.31
Accounts payables	天津市液化氣工程有限公司	9,881,217.11	11,343,079.08
Accounts payables	天津市眾元天然氣工程有限公司	29,241,806.78	14,751,224.88
Accounts payables	天津市裕民燃氣表具有限公司	11,695,915.26	11,275,999.37
Accounts payables	天津市罡世燃氣科工貿發展有限公司	5,655,781.20	4,726,252.74
Accounts payables	天津市燃氣熱力規劃設計研究院有限公司	4,620,452.25	4,682,253.55
Accounts payables	華潤燃氣(鄭州)市政設計研究院有限公司	668,189.50	829,176.94
Accounts payables	天津市津能工程管理有限公司	160,355.45	6,597.65
Accounts payables	天津能源投資集團科技有限公司	62,404.19	13,962.26
Accounts payables	天津市允孚燃氣科貿有限公司	393,471.13	
Other payables	天津市眾元天然氣工程有限公司	118,651.00	
Other payables	天津市裕民燃氣表具有限公司	884,161.65	873,447.65
Other payables	天津能源投資集團科技有限公司		2,775.01
Other payables	天津市允孚燃氣科貿有限公司	7,160.85	
Other payables	天津市津燃置業投資有限公司	902,425.73	646,848.93
Total		131,048,852.30	219,703,046.36

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIII.RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(continued)

(VII) Contract assets and contract liabilities of related parties

1. Contract liabilities

Related parties	Balance as at 31 December 2024	Balance as at 31 December 2023
天津市熱力有限公司	1,955,677.17	892,296.66
天津市液化氣工程有限公司		663,694.05
天津華潤萬家生活超市有限公司	288,100.87	43,502.25
天津濱海中油燃氣有限責任公司	86,028.04	80,441.93
天津市津能投資有限公司	3,729.30	11,022.27
天津泰華燃氣有限公司	804,461.15	
Total	3,137,996.53	1,690,957.16

(VIII) Remuneration of key management

	2024	2023
Remuneration of key management	2,495,523.80	2,657,954.33

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(I) Cash and bank balances

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Cash		
Cash at banks	694,754,472.94	789,315,145.77
Other monetary funds		
Total	694,754,472.94	789,315,145.77

(II) Accounts receivables

1. Disclosure of accounts receivables by ageing

Ageing	Balance as at 31 December 2024		Balance as at 31 December 2023	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
0 to 6 months	237,554,586.27		192,052,454.96	
6 months to 1 year	108,913.62	5,445.68	253,141.58	12,657.07
1 to 2 years	519,376.99	83,006.56	8,047.00	804.70
2 to 3 years	975.00	195.00	48,383.89	48,383.89
Over 3 years	11,741,877.29	11,741,877.29	11,693,493.40	11,693,493.40
Total	249,925,729.17	11,830,524.53	204,055,520.83	11,755,339.06

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (continued)

(II) Accounts receivables (continued)

2. Disclosure of accounts receivables by classification of provision method for bad debts

Category	Balance as at 31 December 2024				
	Gross carrying amount		Provision for bad debts		Net carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate/accruing percentage (%)	
Accounts receivables for which provision for bad debts is made on an individual basis	11,776,398.25	4.71	11,776,398.25	100.00	0.00
Accounts receivables for which provision for bad debts is made by credit risk characteristic group	238,149,330.92	95.29	54,126.28	0.02	238,095,204.64
Including: Ageing group	238,149,330.92	95.29	54,126.28	0.02	238,095,204.64
Other groups					
Total	249,925,729.17	100.00	11,830,524.53	–	238,095,204.64

Category	Balance as at 31 December 2023				
	Gross carrying amount		Provision for bad debts		Net carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate/accruing percentage (%)	
Accounts receivables for which provision for bad debts is made on an individual basis	11,741,877.29	5.75	11,741,877.29	100.00	0.00
Accounts receivables for which provision for bad debts is made by credit risk characteristic group	192,313,643.54	94.25	13,461.77	0.01	192,300,181.77
Including: Ageing group	192,313,643.54	94.25	13,461.77	0.01	192,300,181.77
Other groups					
Total	204,055,520.83	100.00	11,755,339.06	–	192,300,181.77

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (continued)

(II) Accounts receivables (continued)

2. Disclosure of accounts receivables by classification of provision method for bad debts (continued)

Accounts receivables for which provision for bad debts is made by credit risk characteristic group

(1) Ageing group

Age	Balance as at 31 December 2024			Balance as at 31 December 2023		
	Gross carrying amount		Provision for bad debts	Gross carrying amount		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
0 to 6 months	237,554,586.27	99.75	0.00	192,052,454.96	99.86	0.00
6 months to 1 year	108,913.62	0.05	5,445.68	253,141.58	0.13	12,657.07
1 to 2 years	484,856.03	0.20	48,485.60	8,047.00	<0.01	804.70
2 to 3 years	975.00	<0.01	195.00			
Over 3 years						
Total	238,149,330.92	100.00	54,126.28	192,313,643.54	100.00	13,461.77

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS *(continued)*

(III) Other receivables

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Interest receivables		
Dividend receivables		
Other receivables	5,584,136.51	6,044,842.13
Total	5,584,136.51	6,044,842.13

1. Other receivables

(1) Disclosure of other receivables by ageing

Age	Balance as at 31 December 2024		Balance as at 31 December 2023	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Within 1 year (inclusive)	1,145,786.87		1,882,946.53	
1 to 2 years	1,513,670.71		1,523,150.67	
2 to 3 years	1,523,150.67		233,663.00	
Over 3 years	3,890,469.55	2,488,941.29	4,894,023.22	2,488,941.29
Total	8,073,077.80	2,488,941.29	8,533,783.42	2,488,941.29

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (continued)

(III) Other receivables (continued)

1. Other receivables (continued)

(2) Disclosure of other receivables by classification of provision method for bad debts

Category	Balance as at 31 December 2024				
	Gross carrying amount		Provision for bad debts		Net carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate/ accruing percentage (%)	
Other receivables for which provision for bad debts is made on an individual basis	2,488,941.29	30.83	2,488,941.29	100.00	0.00
Other receivables for which provision for bad debts is made by credit risk characteristic group	5,584,136.51	69.17			5,584,136.51
Total	8,073,077.80	–	2,488,941.29	–	5,584,136.51

Category	Balance as at 31 December 2023				
	Gross carrying amount		Provision for bad debts		Net carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate/ accruing percentage (%)	
Other receivables for which provision for bad debts is made on an individual basis	2,488,941.29	29.17	2,488,941.29	100.00	0.00
Other receivables for which provision for bad debts is made by credit risk characteristic group	6,044,842.13	70.83			6,044,842.13
Total	8,533,783.42	–	2,488,941.29	–	6,044,842.13

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (continued)

(IV) Long-term equity investments

1. Classification of long-term equity investments

Item	Balance as at 31 December 2023	Increase	Decrease	Balance as at 31 December 2024
Investments in subsidiaries	20,000,000.00			20,000,000.00
Investments in associates	53,896,495.69		289,550.87	53,606,944.82
Sub-total	73,896,495.69		289,550.87	73,606,944.82
Less: provision for impairment of long-term equity investments	20,000,000.00			20,000,000.00
Total	53,896,495.69		289,550.87	53,606,944.82

2. Breakdown of long-term equity investments

Investee	Investment cost	Balance as at 31 December 2023	Movements during the period							Balance as at 31 December 2024	Balance of provision for impairment as at 31 December 2024
			Increase in investment	Decrease in investment	Investment gains and losses recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment	Other	
I. Subsidiary 天津天聯節能 科技有限公司	20,000,000.00	20,000,000.00								20,000,000.00	20,000,000.00
II. Associate 天津市濱海燃 氣有限公司	60,611,220.86	53,896,495.69			-292,204.55		2,653.68			53,606,944.82	
Total	-	73,896,495.69			-292,204.55		2,653.68			73,606,944.82	20,000,000.00

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (continued)

(IV) Long-term equity investments (continued)

3. Principal financial information of significant associates

Item	Current period 天津市濱海燃氣 有限公司	Last period 天津市濱海燃氣 有限公司
Current assets	133,438,064.79	130,544,887.81
Non-current assets	213,948,081.21	225,634,253.80
Total assets	347,386,146.00	356,179,141.61
Current liabilities	119,159,894.01	119,077,659.76
Non-current liabilities	64,520,440.39	72,447,876.91
Total liabilities	183,680,334.40	191,525,536.67
Net assets	163,705,811.60	164,653,604.94
Net assets portion based on shareholding	50,012,125.44	50,301,676.31
Adjustment	3,594,819.38	3,594,819.38
Book value of equity investments in associates	53,606,944.82	53,896,495.69
Fair value of equity investments for which publicly quoted prices exist		
Revenue	249,053,309.56	258,626,053.33
Net profit	-956,479.69	-219,044.62
Other comprehensive income		
Total comprehensive income	-956,479.69	-219,044.62
Dividends received by the enterprise from associates for the period		

(V) Fixed assets

Item	Balance as at 31 December 2024	Balance as at 31 December 2023
Fixed assets	756,017,471.33	790,024,131.72
Disposal of fixed assets	35,668.26	
Total	756,053,139.59	790,024,131.72

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (continued)

(V) Fixed assets (continued)

1. Details of fixed assets

Item	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
I. Original carrying amount							
1. Balance as at 31 December 2023	48,990,991.60	1,314,033,562.54	296,015,221.29	5,588,744.03	11,077,783.58		1,675,706,303.04
2. Increase	–	15,383,609.84	17,790,149.11	21,648.52	65,576.39	–	33,260,983.86
(1) Purchases			398,168.03	21,648.52	65,576.39		485,392.94
(2) Transferred in from construction in progress		15,383,609.84	17,391,981.08				32,775,590.92
3. Decrease	–	2,227,469.13	839,313.83	485,840.00	178,185.63	–	3,730,808.59
(1) Disposal or retirement		2,227,469.13	839,313.83	485,840.00	178,185.63		3,730,808.59
4. Balance as at 31 December 2024	48,990,991.60	1,327,189,703.25	312,966,056.57	5,124,552.55	10,965,174.34	–	1,705,236,478.31
II. Accumulated depreciation							
1. Balance as at 31 December 2023	19,039,760.91	678,247,316.34	83,199,638.70	4,565,219.33	7,993,719.63		793,045,654.91
2. Increase	1,062,015.60	45,177,477.17	19,156,422.15	50,097.86	449,443.04	–	65,895,455.82
(1) Provision	1,062,015.60	45,177,477.17	19,156,422.15	50,097.86	449,443.04		65,895,455.82
3. Decrease	–	1,052,174.59	655,648.37	437,256.00	158,425.07	–	2,303,504.03
(1) Disposal or retirement		1,052,174.59	655,648.37	437,256.00	158,425.07		2,303,504.03
(2) Others							
4. Balance as at 31 December 2024	20,101,776.51	722,372,618.92	101,700,412.48	4,178,061.19	8,284,737.60	–	856,637,606.70
III. Impairment provision							
1. Balance as at 31 December 2023	606,570.17	64,039,984.70	27,615,216.44	60,077.90	314,667.20		92,636,516.41
2. Increase							
(1) Provision							
3. Decrease	–	27,482.72	21,874.29	3,975.87	1,783.25	–	55,116.13
(1) Disposal or retirement		27,482.72	21,874.29	3,975.87	1,783.25		55,116.13
4. Balance as at 31 December 2024	606,570.17	64,012,501.98	27,593,342.15	56,102.03	312,883.95	–	92,581,400.28
IV. Carrying amount							
1. Carrying amount as at 31 December 2024	28,282,644.92	540,804,582.35	183,672,301.94	890,389.33	2,367,552.79	–	756,017,471.33
2. Carrying amount as at 31 December 2023	29,344,660.52	571,746,261.50	185,200,366.15	963,446.80	2,769,396.75	–	790,024,131.72

As of 31 December 2024, the Company had no fixed assets pending certificates of property ownership.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (continued)

(V) Fixed assets (continued)

2. Test in relation to provisions for impairment of fixed assets

In 2024, Jinran Public Utilities Group conducted an test on the recoverable amount of the relevant long-term asset group and found no impairment provision was required as the carrying amount was not higher than the recoverable amount. The recoverable amount of the asset group was determined based on the present value of estimated future cash flows, with a pre-tax discount rate of 8.14%. PAN-CHINA ASSETS APPRAISAL CO., LTD. assessed the recoverable amount of the relevant long-term asset group and issued the Appraisal Report on the Relevant Long-term Asset Group Related to Impairment Test of Tianjin Jinran Public Utilities Co., Ltd. (Tianxingping bao zi [2025] No. 0382) on 27 March 2025.

(VI) Operating income and operating costs

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Principal operations	1,595,278,614.93	1,628,041,790.88	1,780,511,003.01	1,852,080,540.87
Other operations	21,357.17		16,285.75	
Total	1,595,299,972.10	1,628,041,790.88	1,780,527,288.76	1,852,080,540.87

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (continued)

(VI) Operating income and operating costs (continued)

1. Breakdown of operating income:

Item	2024	2023
Revenue from contracts with customers	1,595,288,971.18	1,780,527,288.76
Rentals	11,000.92	
Total	1,595,299,972.10	1,780,527,288.76

2. Disaggregation of revenue from contracts with customers is as follows:

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Revenue recognised at a point in time	1,561,471,384.45	1,607,002,658.12	1,729,420,471.58	1,825,516,879.77
Sales of piped gas	1,559,157,167.04	1,606,854,475.11	1,724,927,637.16	1,822,234,839.29
Sales of gas appliances and others	2,314,217.41	148,183.01	4,492,834.42	3,282,040.48
Revenue recognised over time	33,828,587.65	21,039,132.76	51,106,817.18	26,563,661.10
Gas connection income	33,828,587.65	21,039,132.76	50,917,178.62	24,622,617.90
Gas transportation			189,638.56	1,941,043.20
Total	1,595,299,972.10	1,628,041,790.88	1,780,527,288.76	1,852,080,540.87

NOTES TO FINANCIAL STATEMENTS (continued)

(Unless otherwise stated, amounts in the notes are in Renminbi Yuan)

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (continued)

(VI) Operating income and operating costs (continued)

3. Revenue recognised that was included in contract liabilities at the beginning of the period

Item	2024	2023
Sales of piped gas	125,341,355.78	214,589,812.91
Gas connection income	7,387,027.03	31,021,080.65
Sales of gas appliances and others		1,347,660.71
Total	132,728,382.81	246,958,554.27

Notes:

- 1) Sales of piped gas: The performance obligation is satisfied upon delivery of the products and payment is generally due within 90 to 180 days from delivery with respect to large scale industrial and commercial customers. For other customers, payment in advance is normally required.
- 2) Sales of gas appliances and others: The performance obligation is satisfied upon delivery of the products and payment in advance is normally required before delivering the products.
- 3) Gas connection: The performance obligation is satisfied over time as services are rendered and payment in advance is normally required before rendering the construction services.
- 4) Gas transportation: The performance obligation is satisfied over time as services are rendered and the payment is generally due within 90 to 180 days from the date of rendering the services.
- 5) As at 31 December 2024, the transaction price allocated to the remaining performance obligation was RMB281,515,791.55 (31 December 2023: RMB277,406,667.12) and the Group will recognise this amount as revenue in future upon delivery of the products or based on the progress of completion of gas connection.

(VII) Investment income

1. Breakdown of investment income

Source of investment income	2024	2023
Profit from long-term equity investments under the equity method	-292,204.55	-753,438.05
Total	-292,204.55	-753,438.05

FIVE YEARS FINANCIAL SUMMARY

RESULTS

		Year ended 31 December			
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	1,595,300	1,780,527	1,780,359	1,579,770	1,344,636
Net profit/(loss) for the year and total comprehensive income for the year	(46,096)	(155,195)	(68,432)	1,205	(13,641)
Net profit/(loss) for the year and total comprehensive income for the year attributable to shareholders of the Parent	(46,329)	(155,173)	(68,345)	1,432	(13,515)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

		As at 31 December			
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Current assets	955,885	1,081,800	1,478,996	1,389,247	1,500,292
Non-current assets	1,074,863	1,095,598	1,024,310	956,127	958,113
Current liabilities	543,190	650,145	825,409	590,250	609,973
Non-current liabilities	103,918	97,520	92,418	101,466	103,892
Equity attributable to shareholders of the Parent	1,384,347	1,430,673	1,586,396	1,654,489	1,749,377