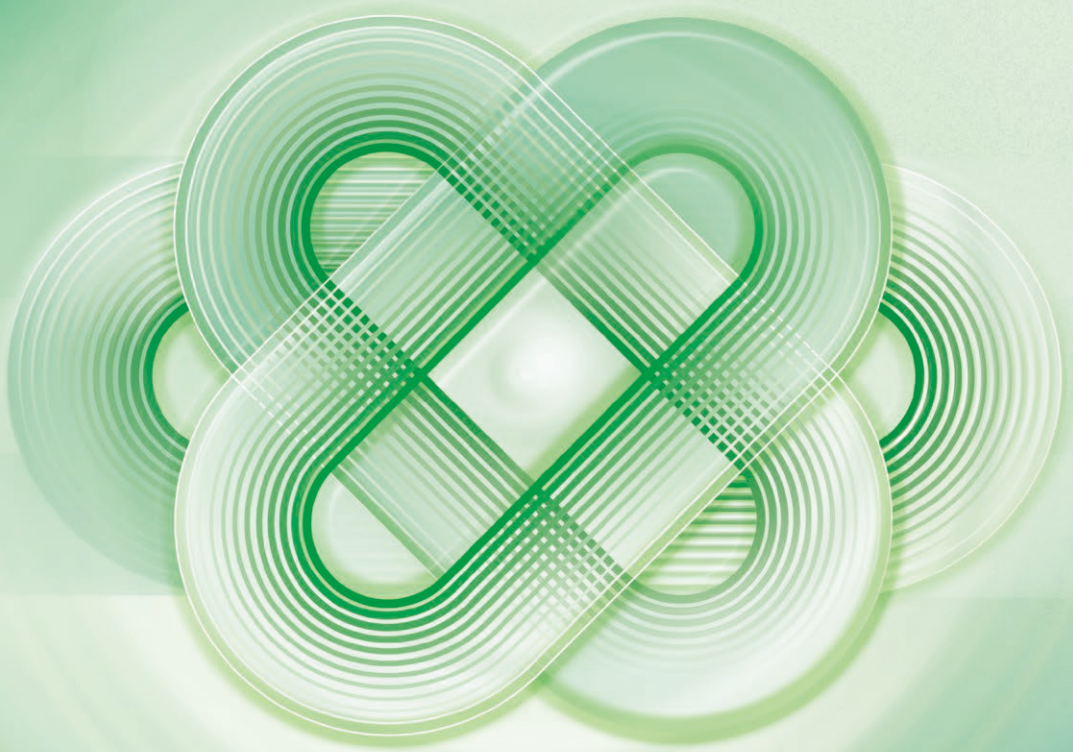




天津津燃公用事業股份有限公司
TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED

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

Stock Code: 1265



Interim Report
2025

The board (the “Board”) of directors (the “Directors”) of Tianjin Jinran Public Utilities Company Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2025 (“first half of 2025”, or the “Reporting Period”) together with unaudited comparative figures for the corresponding period in 2024 (“2024-1H” or “first half of 2024”) as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

(Expressed in Renminbi Yuan)

	Note VI	30 June 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances	(I)	467,199,235.62	694,923,802.41
Trade receivables	(II)	272,019,660.95	238,095,204.64
Receivables under financing	(III)	37,722,646.55	16,197,905.68
Prepayments	(IV)	3,208,282.18	3,099,572.73
Other receivables	(V)	1,081,382.71	1,013,407.94
Inventories	(VI)	1,173,371.35	1,680,286.67
Other current assets	(VII)	7,641,587.43	874,941.53
Total current assets		790,046,166.79	955,885,121.60
NON-CURRENT ASSETS			
Long-term equity investments	(VIII)	51,397,491.95	53,606,944.82
Fixed assets	(IX)	726,174,981.20	756,053,139.59
Construction in progress	(X)	38,187,492.97	31,605,432.27
Right-of-use assets	(XI)	1,139,858.07	1,721,287.53
Intangible assets	(XII)	9,955,514.24	10,192,438.16
Deferred tax assets	(XIII)	70,127,539.02	70,679,182.54
Other non-current assets	(XIV)	150,403,248.33	151,004,476.20
Total non-current assets		1,047,386,125.78	1,074,862,901.11
TOTAL ASSETS		1,837,432,292.57	2,030,748,022.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2025

(Expressed in Renminbi Yuan)

	Note VI	30 June 2025 (Unaudited)	31 December 2024 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	(XVI)	118,660,861.95	192,298,693.30
Contract liabilities	(XVII)	213,177,245.81	281,684,127.55
Employee benefits payable	(XVIII)	5,750,239.63	16,685,508.79
Taxes payable	(XIX)	288,224.43	2,729,703.68
Other payables	(XX)	22,953,034.77	23,225,605.31
Non-current liabilities due within one year	(XXI)	1,235,891.32	1,214,547.60
Other current liabilities	(XXII)	19,185,952.41	25,351,571.39
Total current liabilities		381,251,450.32	543,189,757.62
NON-CURRENT LIABILITIES			
Lease liabilities	(XXIII)	283,131.66	561,502.17
Deferred income	(XXIV)	100,539,304.29	103,356,380.07
Total non-current liabilities		100,822,435.95	103,917,882.24
Total liabilities		482,073,886.27	647,107,639.86
SHAREHOLDERS' EQUITY			
Share capital	(XXV)	183,930,780.00	183,930,780.00
Capital reserve	(XXVI)	790,332,352.18	790,332,352.18
Specialised reserve	(XXVII)	372,468.12	3,014.70
Surplus reserve	(XXVIII)	128,277,523.13	128,277,523.13
Retained earnings	(XXIX)	253,162,330.62	281,802,899.37
Total equity attributable to shareholders of the parent		1,356,075,454.05	1,384,346,569.38
Non-controlling interests		-717,047.75	-706,186.53
Total shareholders' equity		1,355,358,406.30	1,383,640,382.85
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,837,432,292.57	2,030,748,022.71

STATEMENT OF FINANCIAL POSITION

30 June 2025

(Expressed in Renminbi Yuan)

	Note XIV	30 June 2025 (Unaudited)	31 December 2024 (audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances	(I)	467,009,675.03	694,754,472.94
Trade receivables	(II)	272,019,660.95	238,095,204.64
Receivables under financing		37,722,646.55	16,197,905.68
Prepayments		3,208,231.93	3,098,322.48
Other receivables	(III)	5,752,111.28	5,584,136.51
Inventories		1,173,371.35	1,680,286.67
Other current assets		7,641,587.43	874,939.24
Total current assets		794,527,284.52	960,285,268.16
NON-CURRENT ASSETS			
Long-term equity investments	(IV)	51,397,491.95	53,606,944.82
Fixed assets	(V)	726,174,981.20	756,053,139.59
Construction in progress		38,187,492.97	31,605,432.27
Right-of-use assets		1,139,858.07	1,721,287.53
Intangible assets		9,955,514.24	10,192,438.16
Deferred tax assets		75,127,539.02	75,679,182.54
Other non-current assets		150,403,248.33	151,004,476.20
Total non-current assets		1,052,386,125.78	1,079,862,901.11
TOTAL ASSETS		1,846,913,410.30	2,040,148,169.27

STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2025

(Expressed in Renminbi Yuan)

	Note XIV	30 June 2025 (Unaudited)	31 December 2024 (audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables		118,614,861.95	192,252,693.30
Contract liabilities		213,177,245.81	281,684,127.55
Employee benefits payable		5,749,948.17	16,685,217.33
Taxes payable		257,048.61	2,708,076.54
Other payables		22,879,220.97	23,151,791.51
Non-current liabilities due within one year		1,235,891.32	1,214,547.60
Other current liabilities		19,185,952.41	25,351,571.39
Total current liabilities		381,100,169.24	543,048,025.22
NON-CURRENT LIABILITIES			
Lease liabilities		283,131.66	561,502.17
Deferred income		100,539,304.29	103,356,380.07
Total non-current liabilities		100,822,435.95	103,917,882.24
Total liabilities		481,922,605.19	646,965,907.46
SHAREHOLDERS' EQUITY			
Share capital		183,930,780.00	183,930,780.00
Capital reserve		790,332,352.18	790,332,352.18
Specialised reserve		372,468.12	3,014.70
Surplus reserve		128,277,523.13	128,277,523.13
Retained earnings		262,077,681.68	290,638,591.80
Total shareholders' equity		1,364,990,805.11	1,393,182,261.81
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,846,913,410.30	2,040,148,169.27

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

	Note VI	For the six months ended 30 June 2025 (Unaudited)	For the six months ended 30 June 2024 (Unaudited)
Revenue	(XXX)	824,200,195.76	873,429,018.15
Less: Cost of sales	(XXX)	846,735,210.07	898,716,423.05
Taxes and surcharges	(XXXI)	634,884.65	1,067,007.30
Administrative expenses	(XXXII)	11,540,825.08	13,604,721.76
Finance costs	(XXXIII)	-6,505,768.46	-8,926,806.99
including: interest income		6,670,110.55	9,101,440.24
Add: Other income	(XXXIV)	2,830,596.70	2,731,538.59
Investment income	(XXXV)	-2,578,906.29	-709,525.15
including: share of profit of an associate		-2,578,906.29	-709,525.15
Credit impairment losses	(XXXVI)	-295,011.43	-72,211.74
Operating (loss)/profit		-28,248,276.60	-29,082,525.27
Add: Non-operating income	(XXXVII)	130,700.77	22.53
Less: Non-operating expenses	(XXXVIII)	-17,789.38	—
Total (loss)/profit		-28,099,786.45	-29,082,502.74
Less: Income tax expense	(XXXIX)	551,643.52	-6,937,700.54
Net (loss)/profit		-28,651,429.97	-22,144,802.20

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

	Note VI	For the six months ended 30 June 2025 (Unaudited)	For the six months ended 30 June 2024 (Unaudited)
Classified by continuity of operations			
Net (loss)/profit from continuing operations		-28,651,429.97	-22,144,802.20
Classified by ownership			
Net (loss)/profit attributable to shareholders of the parent		-28,640,568.75	-22,131,747.39
Profit or loss attributable to non-controlling interests		-10,861.22	-13,054.81
Other comprehensive income, net of tax			
Total comprehensive income		-28,651,429.97	-22,144,802.20
Including:			
Total comprehensive income attributable to shareholders of the parent		-28,640,568.75	-22,131,747.39
Total comprehensive income attributable to non-controlling interests		-10,861.22	-13,054.81
(Loss)/earnings per share (RMB/share)			
Basic (loss)/earnings per share	(XL)	-0.016	-0.012
Diluted (loss)/earnings per share		-0.016	-0.012

STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

	Note XIV	For the six months ended 30 June 2025 (Unaudited)	For the six months ended 30 June 2024 (Unaudited)
Revenue	(VI)	824,200,195.76	873,429,018.15
Less: Cost of sales	(VI)	846,735,210.07	898,716,423.05
Taxes and surcharges		634,884.65	1,067,007.30
Administrative expenses		11,377,487.95	13,497,269.06
Finance costs		-6,506,402.50	-8,928,104.73
including: interest income		6,670,047.19	9,101,178.08
Add: Other income		2,830,596.70	2,731,538.59
Investment income	(VII)	-2,578,906.29	-709,525.15
including: share of profit of an associate		-2,578,906.29	-709,525.15
Credit impairment losses		-295,011.43	-72,211.74
Operating (loss)/profit		-28,084,305.43	-28,973,774.83
Add: Non-operating income		57,249.45	22.53
Less: Non-operating expenses		-17,789.38	—
Total (loss)/profit		-28,009,266.60	-28,973,752.30
Less: Income tax expense		551,643.52	-6,937,702.83
Net (loss)/profit		-28,560,910.12	-22,036,049.47
Including: (Loss)/profit from continuing operations		-28,560,910.12	-22,036,049.47
Other comprehensive income, net of tax			
Total comprehensive income		-28,560,910.12	-22,036,049.47

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

	Note VI	For the six months ended 30 June 2025 (Unaudited)	For the six months ended 30 June 2024 (Unaudited)
1. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		781,610,743.77	797,917,136.75
Refunds of taxes		2.29	27,880.72
Cash received relating to other operating activities		5,717,594.55	9,074,963.39
Sub-total of cash inflows from operating activities		787,328,340.61	807,019,980.86
Cash paid for goods and services		925,517,649.13	1,152,308,836.51
Cash paid to and on behalf of employees		59,717,068.97	62,589,390.55
Cash paid for all types of taxes		1,322,294.17	5,444,200.03
Cash paid relating to other operating activities		12,111,574.37	15,983,102.06
Sub-total of cash outflows from operating activities		998,668,586.64	1,236,325,529.15
Net cash flows used in operating activities (XLI)		-211,340,246.03	-429,305,548.29

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

	Note VI	For the six months ended 30 June 2025 (Unaudited)	For the six months ended 30 June 2024 (Unaudited)
2. Cash flows from investing activities:			
Cash received from redemption of investments			
Cash received from income on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		136,153.60	253.00
Sub-total of cash inflows from investing activities		136,153.60	253.00
Cash paid for acquisitions of fixed assets, intangible assets, and other long-term assets		16,218,134.90	12,678,097.09
Cash paid relating to other investing activities			106,264.52
Sub-total of cash outflows from investing activities		16,218,134.90	12,784,361.61
Net cash flows from/(used in) investing activities		-16,081,981.30	-12,784,108.61

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

	Note VI	For the six months ended 30 June 2025 (Unaudited)	For the six months ended 30 June 2024 (Unaudited)
3. Cash flows from financing activities			
Sub-total of cash inflows from financing activities			
Cash paid relating to other financing activities		302,373.00	
Sub-total of cash outflows from financing activities		302,373.00	
Net cash flows from financing activities		-302,373.00	
4. Effect of foreign exchange rate changes on cash and cash equivalents			
5. Net decrease in cash and cash equivalents		-227,724,600.33	-442,089,656.90
Add: Cash and cash equivalents balance at beginning of the period		694,789,660.39	789,472,606.25
6. Cash and cash equivalents balance at end of the period	(XLI)	467,065,060.06	347,382,949.35

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2025 (Unaudited)	For the six months ended 30 June 2024 (Unaudited)
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	781,610,743.77	797,917,136.75
Refunds of taxes		27,880.72
Cash received relating to other operating activities	5,717,564.73	8,499,437.41
Sub-total of cash inflows from operating activities	787,328,308.50	806,444,454.88
Cash paid for goods and services	925,457,759.13	1,152,308,836.51
Cash paid to and on behalf of employees	59,644,821.84	62,514,477.85
Cash paid for all types of taxes	1,322,294.17	5,444,197.74
Cash paid relating to other operating activities	12,180,876.97	15,644,842.16
Sub-total of cash outflows from operating activities	998,605,752.11	1,235,912,354.26
Net cash flows used in operating activities	-211,277,443.61	-429,467,899.38

STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2025 (Unaudited)	For the six months ended 30 June 2024 (Unaudited)
2. Cash flows from investing activities:		
Cash received from redemption of investments		
Cash received from income on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	53,153.60	253.00
Sub-total of cash inflows from investing activities	53,153.60	253.00
Cash paid for acquisitions of fixed assets, intangible assets, and other long-term assets	16,218,134.90	12,678,097.09
Cash paid relating to other investing activities		106,264.52
Sub-total of cash outflows from investing activities	16,218,134.90	12,784,361.61
Net cash flows from/(used in) investing activities	-16,164,981.30	-12,784,108.61

STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2025 (Unaudited)	For the six months ended 30 June 2024 (Unaudited)
3. Cash flows from financing activities		
Sub-total of cash inflows from financing activities		
Cash paid relating to other financing activities	302,373.00	
Sub-total of cash outflows from financing activities	302,373.00	
Net cash flows from financing activities	-302,373.00	
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net decrease in cash and cash equivalents	-227,744,797.91	-442,252,007.99
Add: Cash and cash equivalents at beginning of the period	694,754,472.94	789,315,145.77
6. Cash and cash equivalents at end of the period	467,009,675.03	347,063,137.78

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2025

	Attributable to shareholders of the parent						Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Specialised reserve note 1	Surplus reserve	Retained earnings	Sub-total		
I. At beginning of the period (Audited)	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
II. Movements during the period			369,453.42		-28,640,568.75	-28,271,115.33	-10,861.22	-28,281,976.55
(i) Total comprehensive income					-28,640,568.75	-28,640,568.75	-10,861.22	-28,651,429.97
(ii) Specialised reserve			369,453.42			369,453.42		369,453.42
1. Appropriation for the period			8,577,733.45			8,577,733.45		8,577,733.45
2. Utilisation for the period			8,208,280.03			8,208,280.03		8,208,280.03
III. Closing balance (Unaudited)	183,930,780.00	790,332,352.18	372,468.12	128,277,523.13	253,162,330.62	1,356,075,454.05	-717,047.75	1,355,358,406.30

Note 1: Pursuant to Regulations for Withdrawal and Use of Expenses for Safety Production Funds of Enterprises, the Group is required to provide safety production funds as specialised reserve based on revenue from sales of piped gas and gas transportation of last year. These funds were used for repairing, maintaining and installing safety facilities. The movement during the period is the difference between the amount provided according to relevant regulations and the amount utilised during the period.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2024

	Attributable to shareholders of the parent						Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Specialised reserve	Surplus reserve	Retained earnings	Sub-total		
I. At beginning of the period (Audited)	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
II. Movements during the period			491,837.58		-22,131,747.39	-21,639,909.81	-13,054.81	-21,652,964.62
(i) Total comprehensive income					-22,131,747.39	-22,131,747.39	-13,054.81	-22,144,802.20
(ii) Specialised reserve			491,837.58			491,837.58		491,837.58
1. Appropriation for the period			7,746,804.15			7,746,804.15		7,746,804.15
2. Utilisation for the period			7,254,966.57			7,254,966.57		7,254,966.57
III. Closing balance (Unaudited)	183,930,780.00	790,332,352.18	492,198.60	128,277,523.13	306,000,282.86	1,409,033,136.77	-952,520.97	1,408,080,615.80

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2025

	Share capital	Capital reserve	Specialised reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. At beginning of the period (Audited)	183,930,780.00	790,332,352.18	3,014.70	128,277,523.13	290,638,591.80	1,393,182,261.81
II. Movements during the period			369,453.42		-28,560,910.12	-28,191,456.70
(i) Total comprehensive income					-28,560,910.12	-28,560,910.12
(ii) Specialised reserve			369,453.42			369,453.42
1. Appropriation for the period			8,577,733.45			8,577,733.45
2. Utilisation for the period			8,208,280.03			8,208,280.03
III. Closing balance (Unaudited)	183,930,780.00	790,332,352.18	372,468.12	128,277,523.13	262,077,681.68	1,364,990,805.11

STATEMENT OF CHANGES IN EQUITY *(continued)*

For the six months ended 30 June 2025

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2024

	Share capital	Capital reserve	Specialised reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. At beginning of the period (Audited)	183,930,780.00	790,332,352.18	361.02	128,277,523.13	338,678,467.53	1,441,219,483.86
II. Movements during the period			491,837.58		-22,036,049.47	-21,544,211.89
(i) Total comprehensive income					-22,036,049.47	-22,036,049.47
(ii) Specialised reserve			491,837.58			491,837.58
1. Appropriation for the period			7,746,804.15			7,746,804.15
2. Utilisation for the period			7,254,966.57			7,254,966.57
III. Closing balance (Unaudited)	183,930,780.00	790,332,352.18	492,198.60	128,277,523.13	316,642,418.06	1,419,675,271.97

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2025

(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 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)*

For the six months ended 30 June 2025

(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)

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

III. SIGNIFICANT ACCOUNTING POLICIES AND 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 30 June 2025 and its operating results and cash flow for the six months ended 30 June 2025 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)*

For the six months ended 30 June 2025

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

III. SIGNIFICANT ACCOUNTING POLICIES AND 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)*

For the six months ended 30 June 2025

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

III. SIGNIFICANT ACCOUNTING POLICIES AND 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)*

For the six months ended 30 June 2025

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

III. SIGNIFICANT ACCOUNTING POLICIES AND 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

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

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 cash flows 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.

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 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(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.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(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.

(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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(IX) Financial instruments *(continued)*

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

(1) Financial assets *(continued)*

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.

(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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(IX) Financial instruments *(continued)*

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 that 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)*

For the six months ended 30 June 2025

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

III. SIGNIFICANT ACCOUNTING POLICIES AND 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(IX) Financial instruments *(continued)*

2. Measurement of financial instruments *(continued)*

(2) Financial liabilities *(continued)*

- ② Financial liabilities at amortised cost. After initial recognition, such financial liabilities are measured at amortised cost by using the effective interest method.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

III. SIGNIFICANT ACCOUNTING POLICIES AND 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 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.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(IX) Financial instruments *(continued)*

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

(2) *Financial liabilities*

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)*

For the six months ended 30 June 2025

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

III. SIGNIFICANT ACCOUNTING POLICIES AND 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 ECLs

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)*

For the six months ended 30 June 2025

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

III. SIGNIFICANT ACCOUNTING POLICIES AND 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

III. SIGNIFICANT ACCOUNTING POLICIES AND 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)*
 - 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.
 - 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

III. SIGNIFICANT ACCOUNTING POLICIES AND 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)*

(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.

(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; and

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

III. SIGNIFICANT ACCOUNTING POLICIES AND 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 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.

(XI) Inventories

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 materials consumed in the production process or the provision of labor services, etc. The Company's inventories consist of gas meters and others.

2. *Valuation method of inventories upon delivery*

Actual cost of inventories is calculated using the first-in-first-out method upon delivery.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XI) Inventories *(continued)*

3. *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 on an item-by-item basis. The provision for depreciation of inventories with large quantity and of low unit cost is made according to their inventory classification.

4. *Inventory count system*

The perpetual inventory system is adopted for the Company's inventories.

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

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

(XII) Contract assets and contract liabilities

1. *Contract assets*

Contract assets are presented as the Company's right to consideration in exchange for goods or services that the Group has transferred to a customer. The provision for impairment of contract assets is measured with reference to the expected credit loss method for financial instruments. For contract assets that do not contain significant financing components, the Company measures the provision for impairment using the simplified method. For contracts with significant financing components, the Company measures the provision for impairment using the general method.

When an impairment loss on contract assets occurs, the amount of impairment loss is debited to "impairment loss on assets" and credited to provision for impairment of contract assets; when the reversal of the provision for impairment of contract assets occurs, the opposite entry is made.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XII) Contract assets and contract liabilities *(continued)*

2. Contract liabilities

Contract liabilities are presented as the Company's 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 of same contract in net amount.

(XIII) Long-term equity investments

1. Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost shall be the share of the carrying amount of the owners' equity of the acquiree under the consolidated financial statements of the ultimate controlling party at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost shall be the cost of acquisition determined at the acquisition date. For a long-term equity investment acquired by cash payment, the initial investment cost shall be the purchase cost actually paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost shall be the fair value of equity securities issued. For a long-term equity investment acquired through debt restructuring, the initial investment cost is determined in accordance with the relevant provisions of "Accounting Standards for Business Enterprises No. 12–Debt Restructuring". For long-term equity investments acquired through non-monetary asset exchanges, the initial investment cost is determined in accordance with the relevant provisions of "Accounting Standards for Business Enterprises No. 7–Exchange of Non-Monetary Assets".

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

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

2. *Subsequent measurement and recognition of profit or loss*

Long-term equity investments in which the Company is able to exercise control over the investee are accounted for using the cost method, while long-term equity investments in associates and joint ventures are accounted for using the equity method. For equity investments in associates, a portion of which is indirectly held through venture capital firms, mutual funds, trusts or similar entities including investment-linked insurance funds, regardless of whether the above entities have significant influence over this portion of the investment, the Company shall account for such investments in accordance with the relevant provisions of “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”, and the remaining portion of the investment shall be accounted for using the equity method.

3. *Basis for determining the common control and significant influence on 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(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).

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

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(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

(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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XVI) Intangible assets *(continued)*

1. Measure of intangible assets *(continued)*

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

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(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.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(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.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XIX) Employee benefits *(continued)*

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.

3. *Other long-term employee benefits*

The Company provides other long-term employee benefits to its employees. For those falling within the scope of the defined contribution scheme, the Company shall account for them according to relevant requirements of the defined contribution scheme. 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XX) Provisions

If an obligation in relation to contingency is the present obligation of the Group, 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 provisions. The initial measurement is based on the best estimate of the expenditure from 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 considered for the best estimate to be recognized.

At the balance sheet date, the carrying amount of estimated liability 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

The Group recognizes revenue at the transaction price allocated to the performance obligation in the contract when it fulfills its contractual obligations, that is, when the customer obtains control over the relevant goods or services. 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 refers to a contractual commitment by the Company to transfer distinct goods to the customer. The transaction price is the amount of consideration that the Company expects to be entitled to receive in exchange for transferring goods to customers, excluding amounts collected on behalf of third parties and any amounts expected to be returned to customers.

Whether a performance obligation is fulfilled within a certain period of time or at a certain point of time depends on the terms of the contract and relevant legal requirements. If the performance obligation is to be fulfilled within a certain period of time, the Company recognises revenue in accordance with the progress of performance. Otherwise, the Company recognises revenue at a certain point of time when the customer obtains control of the underlying assets.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXI) Revenue *(continued)*

The Company determines whether it is a principal or an agent at the time of the transaction based on whether it owns the control of the goods or services before the transfer of such goods or services to the customer. The Company is a principal if it controls the specified good or service before that good or service is transferred to a customer, and the revenue shall be recognised based on the total consideration received or receivable; otherwise, the Company is an agent, and the revenue shall be recognised based on the amount of commission or handling fee that is expected to be charged, and such amount is determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties or according to the established commission amount or proportion.

1. Revenue from sales of goods contracts

The Group'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 Group 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 Group 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 Group 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)*

For the six months ended 30 June 2025

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

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

(XXI) Revenue *(continued)*

3. Gas pipeline transmission contract

The gas pipeline transportation contract between the Group 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 cost of the Company includes the incremental costs of obtaining a contract and the cost to fulfill a contract. Incremental costs of obtaining a contract (“costs of obtaining a contract”) represents costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs.

If the costs to fulfill a contract with a customer are not within the scope of inventories or other accounting standards for business enterprises, the Company recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

1. the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of 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 generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;
3. the costs are expected to be recovered.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXII) Contract costs *(continued)*

The costs to fulfill a contract that Company will recognize as assets are included in the “inventory” item on the statement of financial position if the amortization period does not exceed one year or a normal business cycle at the initial recognition; and shall be included in “other non-current assets” item in the statement of financial position if the amortization period is over one year or the normal business cycle at the initial recognition.

The costs to obtain a contract that Company will recognize as assets are included in the “other current assets” item on the statement of financial position if the amortization period does not exceed one year or a normal business cycle at the initial recognition; and shall be included in “other non-current assets” item in the statement of financial position if the amortization period is over one year or the normal business cycle at the initial recognition.

The Company makes provision for impairment and recognizes an asset impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds:

1. remaining amount of consideration the Company expects to receive in exchange for the goods to which the asset relates;
2. less the costs that are expected to be incurred for the transfer of relevant goods.

If the impairment factors in the previous period change subsequently, and the difference between the aforementioned two items is higher than the carrying 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 carrying value of the asset after the reversal shall not exceed the carrying value of the asset on the date of reversal under the assumption that no impairment provision is made.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(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.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(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.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

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

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.

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

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXV) Leases *(continued)*

1. Accounting for lessee *(continued)*

(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)*

For the six months ended 30 June 2025

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

III. SIGNIFICANT ACCOUNTING POLICIES AND 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXV) Leases *(continued)*

2. *Accounting for lessor (continued)*

(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.

(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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(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.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(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)*

For the six months ended 30 June 2025

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

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

(XXX) Explanation of changes in significant accounting policies, changes in accounting estimates and correction of errors

1. *Changes in significant accounting policies*

No changes in significant accounting policies of the Company incurred 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)*

For the six months ended 30 June 2025

(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	Type of Level 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%

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Cash and bank balances

Item	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Cash		
Cash at banks	467,065,060.06	694,789,660.39
Other monetary funds	134,175.56	134,142.02
Total	467,199,235.62	694,923,802.41

Note: As of 30 June 2025, the cash and bank balances of the Company amounting to RMB134,175.56 were restricted as guarantee deposits for environment protection.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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

The ageing of accounts receivables based on the date of transaction is analysed below:

1. Disclosure of accounts receivables by ageing

Ageing	Balance as at 30 June 2025 (Unaudited)		Balance as at 31 December 2024 (Audited)	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
0 to 6 months	265,013,195.80		237,554,586.27	
6 months to 1 year	6,484,751.55	324,237.57	108,913.62	5,445.68
1 to 2 years	727,222.23	103,791.09	519,376.99	83,006.56
2 to 3 years	278,150.04	55,630.01	975.00	195.00
Over 3 years	11,641,877.29	11,641,877.29	11,741,877.29	11,741,877.29
Total	284,145,196.91	12,125,535.96	249,925,729.17	11,830,524.53

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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. Trade receivables disclosed by classification of provision method for bad debts

Type	Balance as at 30 June 2025 (Unaudited)				
	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit	
				loss rate/ accruing percentage (%)	
Trade receivables for which provision for bad debts is made on an individual basis	11,676,398.25	4.11	11,676,398.25	100.00	
Trade receivables for which provision for bad debts is made by credit risk characteristic group	272,468,798.66	95.89	449,137.71	0.16	272,019,660.95
Including: Aging group	272,468,798.66	95.89	449,137.71	0.16	272,019,660.95
Other groups					
Total	284,145,196.91	100.00	12,125,535.96	–	272,019,660.95

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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. Trade receivables disclosed by classification of provision method for bad debts *(continued)*

(continued)

Type	Balance as at 31 December 2024 (Audited)				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Expected credit loss rate/ accruing percentage (%)	Carrying amount
Trade 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	
Trade 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: Aging 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

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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. Trade receivables 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

Aging	Balance as at 30 June 2025 (Unaudited)			Balance as at 31 December 2024 (Audited)		
	Gross carrying amount		Provision for bad debts	Gross carrying amount		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
1 to 6 months	265,013,195.80	97.27		237,554,586.27	99.75	
6 months to 1 year	6,484,751.55	2.38	324,237.57	108,913.62	0.05	5,445.68
1 to 2 years	692,701.27	0.25	69,270.13	484,856.03	0.20	48,485.60
2 to 3 years	278,150.04	0.10	55,630.01	975.00	<0.01	195.00
Over 3 years						
Total	272,468,798.66	100.00	449,137.71	238,149,330.92	100.00	54,126.28

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(III) Receivables financing

Item	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Bank acceptance bills receivable	970,000.00	920,000.00
Financial company acceptance bills receivable	36,752,646.55	15,277,905.68
Total	37,722,646.55	16,197,905.68

(IV) Prepayments

1. Prepayments shown by ageing

Ageing	Balance as at 30 June 2025 (Unaudited)			Balance as at 31 December 2024 (Audited)		
	Gross carrying amount		Provision for bad debts	Gross carrying amount		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year (inclusive)	3,115,866.94	97.12		2,972,173.99	95.89	
1 to 2 years	33,821.50	1.05		68,805.00	2.22	
2 to 3 years	58,543.49	1.82		58,593.74	1.89	
Over 3 years	50.25	0.01				
Total	3,208,282.18	100.00		3,099,572.73	100.00	

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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

Item	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Interest receivables		
Dividend receivables		
Other receivables	1,081,382.71	1,013,407.94
Total	1,081,382.71	1,013,407.94

1. Other receivables

(1) Disclosure of other receivables by ageing

Ageing	Balance as at 30 June 2025 (Unaudited)		Balance as at 31 December 2024 (Audited)	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Within 1 year (inclusive)	813,851.64		738,286.87	
1 to 2 years	81,859.04		89,449.04	
2 to 3 years	4,525.00		4,525.00	
Over 3 years	2,670,088.32	2,488,941.29	2,670,088.32	2,488,941.29
Total	3,570,324.00	2,488,941.29	3,502,349.23	2,488,941.29

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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

Type	Balance as at 30 June 2025 (Unaudited)				
	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	70.00	2,488,941.29	100.00	
Other receivables for which provision for bad debts is made by credit risk characteristic group	1,081,382.71	30.00			1,081,382.71
Total	3,570,324.00	100.00	2,488,941.29	–	1,081,382.71

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 2024 (Audited)				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Expected credit loss rate/ accruing percentage (%)	Carrying amount
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	
Other receivables for which provision for bad debts is made by credit risk characteristic group	1,013,407.94	28.94			1,013,407.94
Total	3,502,349.23	100.00	2,488,941.29	–	1,013,407.94

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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)*

(3) Categorized by nature

Item	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Employees' borrowings	144,873.83	181,095.08
Inter-company balance	2,379,746.40	2,906,507.08
Deposits and others	1,045,703.77	414,747.07
Total	3,570,324.00	3,502,349.23

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 30 June 2025 (Unaudited)			Balance as at 31 December 2024 (Audited)		
	Gross carrying amount	Inventory falling price reserves	Carrying amount	Gross carrying amount	Inventory falling price reserves	Carrying amount
Gas appliances and others	1,173,371.35		1,173,371.35	1,680,286.67		1,680,286.67
Total	1,173,371.35		1,173,371.35	1,680,286.67		1,680,286.67

(VII) Other current assets

Item	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Input VAT to be credited	6,766,648.19	
Prepaid income tax	874,939.24	874,941.53
Total	7,641,587.43	874,941.53

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 31 December 2024 (Audited)	Increase	Decrease	Balance as at 30 June 2025 (Unaudited)
Investments in associates	53,606,944.82	369,453.42	2,578,906.29	51,397,491.95
Sub-total	53,606,944.82	369,453.42	2,578,906.29	51,397,491.95
Less: provision for impairment of long-term equity investments				
Total	53,606,944.82	369,453.42	2,578,906.29	51,397,491.95

2. Breakdown of long-term equity investments

		Movements during the period									
Investee	Investment cost	Balance as at	Increase	Decrease in	Investment	Adjustment	Cash dividends	Provision for	Other	Balance as at	Closing
		31 December								2024	
		(Audited)			recognized	comprehensive	in equity	distributed	impairment	2025	provision for
					under the	income				(Unaudited)	impairment
					equity method						
Associate											
天津市滨海燃气											
有限公司	60,611,220.86	53,606,944.82			-2,578,906.29		369,453.42			51,397,491.95	
Total	60,611,220.86	53,606,944.82			-2,578,906.29		369,453.42			51,397,491.95	

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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	Closing carrying amount (Unaudited)	Opening carrying amount (Audited)
Fixed assets	726,166,575.10	756,017,471.33
Disposal of fixed assets	8,406.10	35,668.26
Total	726,174,981.20	756,053,139.59

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 2024 (Audited)	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
2. Increase			3,151,812.20	95,467.69	69,557.52		3,316,837.41
(1) Purchase			2,575,835.25	95,467.69	69,557.52		2,740,860.46
(2) Transferred from construction in progress			575,976.95				575,976.95
3. Decrease			525,780.68	126,918.32	36,653.65	4,558,482.24	5,247,834.89
(1) Disposal or scrap			525,780.68	126,918.32	36,653.65	4,558,482.24	5,247,834.89
4. Balance as at 30 June 2025 (unaudited)	48,990,991.60	1,327,189,703.25	316,425,984.88	5,556,960.39	11,081,050.86		1,709,244,690.98
II. Accumulated depreciation							
1. Balance as at 31 December 2024 (audited)	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
2. Increase	531,007.80	22,135,983.49	10,240,581.47	63,712.68	227,259.81		33,198,545.25
(1) Provision	531,007.80	22,135,983.49	10,240,581.47	63,712.68	227,259.81		33,198,545.25
3. Decrease			284,125.32	84,048.45	26,913.15	2,747,063.24	3,142,150.16
(1) Disposal or scrap			284,125.32	84,048.45	26,913.15	2,747,063.24	3,142,150.16
(2) Other							
4. Balance as at 30 June 2025 (unaudited)	20,632,784.31	744,508,602.41	112,218,298.45	4,561,867.01	8,555,392.62		890,476,944.80
III. Impairment provision							
1. Balance as at 31 December 2024 (audited)	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
2. Increase							
(1) Provision							
3. Decrease			272,466.97	42,869.87	9,740.50	1,811,419.00	2,136,496.34
(1) Disposal or scrap			272,466.97	42,869.87	9,740.50	1,811,419.00	2,136,496.34
4. Balance as at 30 June 2025 (unaudited)	606,570.17	64,012,501.98	27,593,342.15	72,949.04	315,807.74		92,601,171.08
IV. Carrying amount							
1. Carrying amount as at 30 June 2025 (unaudited)	27,751,637.12	518,668,598.86	176,614,344.28	922,144.34	2,209,850.50		726,166,575.10
2. Carrying amount as at 31 December 2024 (audited)	28,282,644.92	540,804,582.35	183,672,301.94	890,389.33	2,367,552.79		756,017,471.33

As at 30 June 2025, the Company had no fixed assets pending certificates of property ownership.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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

Type	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Construction in progress	39,627,133.24	32,937,382.54
Engineering materials	4,280.00	111,970.00
Less: Provision for impairment	1,443,920.27	1,443,920.27
Total	38,187,492.97	31,605,432.27

1. Information of construction in progress

(1) Basic information of construction in progress

Item	Balance as at 30 June 2025 (unaudited)			Balance as at 31 December 2024 (audited)		
	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	26,537,857.14	1,035,000.00	25,502,857.14	22,068,068.29	1,035,000.00	21,033,068.29
Pipeline reconstruction	10,471,015.45		10,471,015.45	8,251,053.60		8,251,053.60
Mines	408,920.27	408,920.27		408,920.27	408,920.27	
Total	39,627,133.24	1,443,920.27	38,183,212.97	32,937,382.54	1,443,920.27	31,493,462.27

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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)*

2. Engineering materials

Item	Balance as at 30 June 2025 (unaudited)			Balance as at 31 December 2024 (audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Ji Ning Engineering materials	4,280.00		4,280.00	111,970.00		111,970.00
Total	4,280.00		4,280.00	111,970.00		111,970.00

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 2024 (audited)	3,394,770.54	3,394,770.54
2. Increase		
(1) New lease		
3. Decrease		
(1) Disposal		
4. Balance as at 30 June 2025 (unaudited)	3,394,770.54	3,394,770.54
II. Accumulated depreciation		
1. Balance as at 31 December 2024 (audited)	1,673,483.01	1,673,483.01
2. Increase	581,429.46	581,429.46
(1) Provision	581,429.46	581,429.46
3. Decrease		
(1) Disposal		
4. Balance as at 30 June 2025 (unaudited)	2,254,912.47	2,254,912.47
III. Impairment provision		
1. Balance as at 31 December 2024 (audited)		
2. Increase		
(1) Provision		
3. Decrease		
(1) Disposal		
4. Balance as at 30 June 2025 (unaudited)		
IV. Carrying value		
1. Carrying value as at 30 June 2025 (unaudited)	1,139,858.07	1,139,858.07
2. Carrying value as at 31 December 2024 (audited)	1,721,287.53	1,721,287.53

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 2024 (audited)	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 30 June 2025 (unaudited)	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 2024 (audited)	4,907,575.87	1,103,252.74	7,243,935.07	13,254,763.68
2. Increase	151,327.98	85,595.94		236,923.92
(1) Provision	151,327.98	85,595.94		236,923.92
3. Decrease				
(1) Disposal				
4. Balance as at 30 June 2025 (unaudited)	5,058,903.85	1,188,848.68	7,243,935.07	13,491,687.60
III. Impairment provision				
1. Balance as at 31 December 2024 (audited)			9,522,048.93	9,522,048.93
2. Increase				
(1) Provision				
3. Decrease				
(1) Disposal				
4. Balance as at 30 June 2025 (unaudited)			9,522,048.93	9,522,048.93
IV. Net carrying amount				
1. Net carrying amount as at 30 June 2025 (unaudited)	9,257,987.45	697,526.79		9,955,514.24
2. Net carrying amount as at 31 December 2024 (audited)	9,409,315.43	783,122.73		10,192,438.16

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 30 June 2025 (unaudited)		Balance as at 31 December 2024 (audited)	
	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	3,653,619.31	14,614,477.25	3,579,866.46	14,319,465.82
Deferred income	25,134,826.07	100,539,304.29	25,839,095.02	103,356,380.07
Deductible losses	41,246,530.50	164,986,122.00	41,246,530.50	164,986,122.00
Lease liabilities	92,563.14	370,252.56	13,690.56	54,762.24
Sub-total	70,127,539.02	280,510,156.10	70,679,182.54	282,716,730.13

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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)*

2. Breakdown of unrecognised deferred income tax assets

Item	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Deductible temporary differences	93,636,171.08	105,703,636.62
Deductible losses	101,066,073.19	72,395,984.89
Total	194,702,244.27	178,099,621.51

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

Year	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)	Notes
2026	4,571.01	4,571.01	
2027	4,279,810.55	4,279,810.55	
2028	25,205,020.58	25,205,020.58	
2029 and beyond	71,576,671.05	42,906,582.75	
Total	101,066,073.19	72,395,984.89	

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XIV) Other non-current assets

Item	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Certificates of deposit	90,695,902.73	89,458,834.25
Prepaid construction cost	2,340,148.23	632,198.50
Renovation of indoor gas facilities	57,367,197.37	60,913,443.45
Total	150,403,248.33	151,004,476.20

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.

(XV) Assets with restricted ownership or use rights

Item	Book value at the end of the period	Reason for restriction
		Guarantee deposits for environment protection
Bank balances and cash	134,175.56	
Total	134,175.56	—

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XVI) Payables

The ageing of trade payables based on the date of transaction is analysed below:

1. Balances by aging

Aging	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Within 1 year (including 1 year)	60,933,780.22	122,022,774.86
Over 1 year	57,727,081.73	70,275,918.44
Total	118,660,861.95	192,298,693.30

(XVII) Contract liabilities

1. Balances by aging

Item	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Advances from sales of piped gas	176,129,143.03	248,393,559.50
Advances from gas connection	34,094,315.52	31,516,449.26
Advances from sales of gas appliances	2,916,145.06	1,736,476.59
Others	37,642.20	37,642.20
Total	213,177,245.81	281,684,127.55

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 2024 (Audited)	Increase	Decrease	Balance as at 30 June 2025 (Unaudited)
I. Short-term benefits	16,685,508.79	41,853,984.32	52,789,253.48	5,750,239.63
II. Post-employment benefits – defined contribution plan		6,391,284.02	6,391,284.02	
III. Termination benefits				
IV. Other benefits due within one year				
V. Others				
Total	16,685,508.79	48,245,268.34	59,180,537.50	5,750,239.63

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 2024 (Audited)	Increase	Decrease	Balance as at 30 June 2025 (Unaudited)
I. Salaries, bonuses, allowances and subsidies	13,132,354.57	31,841,400.05	42,739,538.21	2,234,216.41
II. Employee bonus and welfare fund	3,001,223.35	764,294.48	764,294.48	3,001,223.35
III. Social insurance Including: Medical and maternity insurance		4,220,617.88	4,220,617.88	
Work injury insurance		4,046,699.42	4,046,699.42	
Others		173,918.46	173,918.46	
IV. Housing fund		4,579,334.00	4,579,334.00	
V. Union fund and employee education fund	551,930.87	448,337.91	485,468.91	514,799.87
VI. Short-term paid leaves				
VII. Short-term benefits sharing scheme				
VIII. Other short-term benefits				
Total	16,685,508.79	41,853,984.32	52,789,253.48	5,750,239.63

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 2024 (Audited)	Increase	Decrease	Balance as at 30 June 2025 (Unaudited)
I. Basic pension insurance		6,197,599.36	6,197,599.36	
II. Unemployment insurance		193,684.66	193,684.66	
III. Annuity				
Total		6,391,284.02	6,391,284.02	

(XIX) Taxes payable

Tax category	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Value-added tax	9,548.68	2,254,277.53
Others	278,675.75	475,426.15
Total	288,224.43	2,729,703.68

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Interest payable		
Dividends payable	10,974,939.71	10,974,939.71
Other payables	11,978,095.06	12,250,665.60
Total	22,953,034.77	23,225,605.31

1. Other payables

(1) Categorized by nature

Item	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Due to related parties	1,428,568.53	1,912,399.24
Accruals	2,963,239.51	2,587,909.55
Others	7,586,287.02	7,750,356.81
Total	11,978,095.06	12,250,665.60

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXI) Non-current liabilities due within one year

Category	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Lease liabilities due within one year	1,235,891.32	1,214,547.60
Total	1,235,891.32	1,214,547.60

(XXII) Other current liabilities

Item	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Output tax to be transferred	19,185,952.41	25,351,571.39
Total	19,185,952.41	25,351,571.39

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXIII) Lease liabilities

Item	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Lease payments	1,558,577.66	1,846,551.95
Less: Unrecognised finance charges expenses	39,554.68	70,502.18
Reclassified to non-current liabilities due within one year	1,235,891.32	1,214,547.60
Net lease liabilities	283,131.66	561,502.17

(XXIV) Deferred income

Item	Balance as at 31 December 2024 (Audited)	Increase	Decrease	Balance as at 30 June 2025 (Unaudited)
Government grants	103,356,380.07		2,817,075.78	100,539,304.29
Total	103,356,380.07		2,817,075.78	100,539,304.29

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 2024 (Audited)	New grants	Amount included in profit or loss	Returned amount	Other	Changes	Balance as at 30 June 2025 (Unaudited)
河畔星城 medium pressure pipeline	Relevant to asset	2,352,948.66		90,499.50				2,262,449.16
富力桃园 medium pressure pipeline	Relevant to asset	1,766,679.15		234,443.22				1,532,235.93
Pipeline reconstruction	Relevant to asset	76,689,137.23		2,203,156.26				74,485,980.97
鄞南路曹思路 medium pressure pipeline	Relevant to asset	1,736,200.70		49,521.30				1,686,679.40
Indoor hidden danger rectification project	Relevant to asset	8,986,347.66		239,455.50				8,746,892.16
Gas pipeline renovation and upgrading project	Relevant to asset	5,421,866.67						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		103,356,380.07		2,817,075.78				100,539,304.29

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 2024 (Audited)		Increase	Decrease	Balance as at 30 June 2025 (Unaudited)	
	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.

(XXVI) Capital reserve

Item	Balance as at 31 December 2024 (Audited)		Increase	Decrease	Balance as at 30 June 2025 (Unaudited)	
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	

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 *(continued)*

- 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). 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)*

For the six months ended 30 June 2025

(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 2024 (Audited)	Increase	Decrease	Balance as at 30 June 2025 (Unaudited)	Notes
Safety production funds	3,014.70	8,577,733.45	8,208,280.03	372,468.12	
Total	3,014.70	8,577,733.45	8,208,280.03	372,468.12	

(XXVIII) Surplus reserve

Item	Balance as at 31 December 2024 (Audited)	Increase	Decrease	Balance as at 30 June 2025 (Unaudited)
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)*

For the six months ended 30 June 2025

(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 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Balance at the end of last year	281,802,899.37	328,132,030.25
Opening adjustment amount		
Balance at the beginning of the period	281,802,899.37	328,132,030.25
Increase for the current period	-28,640,568.75	-46,329,130.88
Including: Net profit transferred for the current period	-28,640,568.75	-46,329,130.88
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	253,162,330.62	281,802,899.37

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXX) Revenue and cost of sales

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)		Amount incurred for the six months ended 30 June 2024 (Unaudited)	
	Revenue	Cost	Revenue	Cost
Principal operations	824,200,063.02	846,735,210.07	873,429,018.15	898,716,423.05
Others	132.74			
Total	824,200,195.76	846,735,210.07	873,429,018.15	898,716,423.05

1. Revenue is stated as follows:

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Revenue from contracts with customers	824,189,194.84	873,418,017.23
Rentals	11,000.92	11,000.92
Total	824,200,195.76	873,429,018.15

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXX) Revenue and cost of sales *(continued)*

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

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)		Amount incurred for the six months ended 30 June 2024 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue recognised at a point in time	815,063,353.89	844,633,714.98	863,619,623.67	890,057,109.04
Sales of piped gas	815,063,221.15	844,633,714.98	863,598,266.50	890,056,749.04
Sales of gas appliances and others	132.74		21,357.17	360.00
Revenue recognised over time	9,125,840.95	2,101,495.09	9,798,393.56	8,659,314.01
Gas connection income	7,755,023.52	2,101,495.09	9,798,393.56	8,659,314.01
Gas transportation				
Entrusted management and operation and maintenance service income	1,370,817.43			
Total	824,189,194.84	846,735,210.07	873,418,017.23	898,716,423.05

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

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Sales of piped gas	129,516,024.26	154,187,686.93
Gas connection	4,085,484.97	2,647,085.28
Sales of gas appliances and others		
Total	133,601,509.23	156,834,772.21

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXX) Revenue and cost of sales *(continued)*

3. *Revenue recognised that was included in contract liabilities at the beginning of the period (continued)*

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 30 June 2025, the transaction price allocated to the remaining performance obligation was RMB213,177,245.81 (31 December 2024: RMB281,684,127.55) and the Group will recognize this amount as revenue in future upon delivery of the products or based on the progress of completion of gas connection.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Property tax	189,047.38	378,094.76
Tenure tax	186,971.75	373,943.50
City maintenance and construction tax	8,211.00	250,210.41
Education supplementary tax	3,519.01	107,233.03
Local education surcharge	2,346.00	43,193.05
Others	244,789.51	582,177.32
Total	634,884.65	1,734,852.07

(XXXII) Administrative expenses

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Employee benefits	7,935,480.32	8,924,536.37
Depreciation and amortisation	1,517,114.56	1,464,425.06
Agency fees	1,956,747.81	2,802,870.70
Others	131,482.39	412,889.63
Total	11,540,825.08	13,604,721.76

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXXIII) Finance costs

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Interest expenses	30,947.50	20,876.41
Less: Interest income	6,670,110.55	9,101,440.24
Exchange losses		
Less: Exchange gains		
Handling fee	133,394.59	127,509.86
Other expenses		26,246.98
Total	-6,505,768.46	-8,926,806.99

(XXXIV) Other income

Item	Type	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Deferred income	Relating to assets	2,817,075.78	2,705,236.02
Tax refund subsidy	Relating to revenue	13,520.92	26,302.57
Others	Relating to revenue		
Total		2,830,596.70	2,731,538.59

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXXV) Investment income

Source of investment income	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Profit from long-term equity investments under the equity method	-2,578,906.29	-709,525.15
Total	-2,578,906.29	-709,525.15

(XXXVI) Credit impairment loss

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Bad debt loss	-295,011.43	-72,211.74
Total	-295,011.43	-72,211.74

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXXVII) Non-operating income

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)	Amount recognised in non-recurring profit and loss
No payment required			
Disposal of non-current assets	107,342.35		107,342.35
Others	23,358.42	22.53	23,358.42
Total	130,700.77	22.53	130,700.77

(XXXVIII) Non-operating expenses

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)	Amount recognised in non-recurring profit and loss
Losses from spoilage and obsolescence of non-current assets	-23,132.34		-23,132.34
Late fees and fines	5,342.96		5,342.96
Others			
Total	-17,789.38		-17,789.38

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XXXIX) Income tax expense

1. Income tax expense

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Current income tax expense		2.29
Deferred income tax expense	551,643.52	-6,937,702.83
Others		
Total	551,643.52	-6,937,700.54

2. Reconciliation between accounting profit and income tax expenses

Items	Amount for the current period (Unaudited)
Total profit	-28,099,786.45
Income tax expenses at statutory/applicable tax rates	-7,024,946.61
Effect of income not subject to tax	-644,726.57
Effect of non-deductible costs, expenses and losses	348,777.59
Effect of deductible losses for which no deferred income tax asset was recognized in the prior period of use	
Effect of deductible temporary differences or deductible losses for which deferred income tax assets are not recognized in the current period	7,872,539.11
Income tax expenses	551,643.52

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XL) Earnings per share

Items	For the six months ended 30 June 2025 RMB/Share (Unaudited)	For the six months ended 30 June 2024 RMB/Share (Unaudited)
Basic (loss)/earnings per share		
Continuing operations	-0.016	-0.012
Diluted (loss)/earnings per share		
Continuing operations	-0.016	-0.012

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:

	For the six months ended 30 June 2025 RMB/Share (Unaudited)	For the six months ended 30 June 2024 RMB/Share (Unaudited)
(Loss)/earning		
1. Net profit/(loss) for the period attributable to ordinary shareholders of the Company	-28,640,568.75	-22,131,747.39
Shares		
2. Weighted average number of ordinary shares in issue of the Company	183,930,780.00	183,930,780.00

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XLI) Consolidated statement of cash flows

1. Supplementary information to the statement of cash flows

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
1. Adjustment of net profit to cash flows from operating activities:		
Net profit	-28,651,429.97	-22,144,802.20
Add: Impairment loss on assets		
Credit impairment loss	295,011.43	-72,211.74
Depreciation of fixed assets, depreciation of oil and gas assets and depreciation of productive biological assets	33,198,545.25	34,846,487.07
Depreciation of right of use assets	581,429.46	534,526.34
Amortisation of intangible assets	236,923.92	242,624.64
Amortisation of long-term deferred expenses	3,546,246.08	3,240,738.54
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)		
Loss on scrapping of fixed assets ("-" for gains)	-130,474.69	
Decrease in deferred income ("-" for gains)	2,817,075.78	-2,705,236.02
Loss on changes to the fair value ("-" for gains)		
Finance expenses ("-" for gains)	-33.54	
Loss on investment ("-" for gains)	2,578,906.29	709,525.15
Decrease of deferred tax assets ("-" for increase)	551,643.52	-6,937,702.83

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XLI) Consolidated statement of cash flows *(continued)*

1. Supplementary information to the statement of cash flows *(continued)*

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Increase of deferred tax liabilities ("-" for decrease)		
Decrease of inventories ("-" for increase)	506,915.32	734,201.77
Decrease of operating items receivables ("-" for increase)	-62,392,527.30	-197,197,464.67
Increase of operating items payables ("-" for decrease)	-164,478,477.58	-240,556,234.34
Others		
Net amount of cash flow generated from operating activities	-211,340,246.03	-429,305,548.29
2. Major investment and financing activities irrelevant to cash income and expenses:	-	-
3. Net changes to cash and cash equivalents:	-	-
Balance of cash as at 30 June 2025	467,065,060.06	347,382,949.35
Less: balance of cash as at 31 December 2024	694,789,660.39	789,472,606.25
Plus: balance of cash equivalents as at 30 June 2025		
Less: balance of cash equivalents as at 31 December 2024		
Net increase of cash and cash equivalents	-227,724,600.33	-442,089,656.90

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XLI) Consolidated statement of cash flows *(continued)*

2. Assets with restricted ownership and use rights

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

Item	Balance as at 30 June 2025 (Unaudited)	Reason for restriction
Monetary funds	134,175.56	The restricted environmental assessment governance deposit
Total	134,175.56	

(XLII) Lease

1. As the lessee

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)
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 Including: the portion from sale and leaseback transaction	469,622.23
Short-term lease expenses accounted for the cost of the underlying asset or current profit or loss under the simplified approach	469,622.23
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	547,173.00

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

(XLII) Lease *(continued)*

2. As the lessor

(1) Operating lease

Item	Rentals incurred for the six months ended 30 June 2025 (Unaudited)	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

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

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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

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 (%) Direct/Indirect	Accounting method of investment
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

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	98,355,629.89	133,438,064.79
Non-current assets	207,813,657.92	213,948,081.21
Total assets	306,169,287.81	347,386,146.00
Current liabilities	89,139,005.70	119,159,894.01
Non-current liabilities	60,556,722.13	64,520,440.39
Total liabilities	149,695,727.83	183,680,334.40
Net assets	156,473,559.98	163,705,811.60
Net assets portion based on shareholding	47,802,672.57	50,012,125.44
Adjustment		
Carrying amount of equity investments in associates	51,397,491.95	53,606,944.82
Fair value of equity investments for which publicly quoted prices exist		
Operating income	115,096,257.01	124,026,436.75
Net profit	-8,441,591.78	-2,322,504.57
Other comprehensive income		
Total comprehensive income	-8,441,591.78	-2,322,504.57
Dividends received from associates during the period		

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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:

30 June 2025 (Unaudited)

Financial assets

	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Total
Cash and bank balances	467,199,235.62		467,199,235.62
Accounts receivables	272,019,660.95		272,019,660.95
Receivables under financing		37,722,646.55	37,722,646.55
Other receivables	1,081,382.71		1,081,382.71
Total	740,300,279.28	37,722,646.55	778,022,925.83

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

Classification of financial instruments *(continued)*

Financial liabilities

	Financial liabilities measured at amortised cost	Total
Trade payables	118,660,861.95	118,660,861.95
Other payables	22,953,034.77	22,953,034.77
Total	141,613,896.72	141,613,896.72

31 December 2024 (Audited)

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

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

Classification of financial instruments *(continued)*

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

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 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 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.

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 30 June 2025, the Group had certain concentrations of credit risk as 49% (31 December 2024: 48%) and 80% (31 December 2024: 81%) 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 forwardlooking 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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)*

(1) Criteria for judging significant increases in credit risk (continued)

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.

(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;

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 (continued)

- 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.

(3) Exposure to credit risk

As at 30 June 2025 and 31 December 2024, 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 2025 to 30 June 2025, the Group's assessment methods and major assumptions have not changed.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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

Classification of financial instruments *(continued)*

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.

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 30 June 2025 and 31 December 2024 were as follows:

Item	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Gearing ratio	26%	32%

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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	30 June 2025 (Unaudited)		
	Level 1	Level 2	Level 3
Receivables under financing			37,722,646.55

Item	31 December 2024 (Audited)		
	Level 1	Level 2	Level 3
Receivables under financing		16,197,905.68	

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

X. COMMITMENTS

Item	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Signed but not capital committed	17,203,008.56	19,083,103.24

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. Therefore, 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: for the six months ended June 30 2025, the Group's operating revenue (generated revenue reaching or exceeding 10% of the Group's revenue) amounted to RMB325,468,408.81 (for the six months ended June 30 2024: RMB339,150,253.27), which is from the revenue of a single customer (including all entities known to be controlled by the customer).

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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	For the six months ended 30 June 2025 (Unaudited)	For the six months ended 30 June 2024 (Unaudited)
Fees	125,000.00	150,000.00
Other emoluments:		
Salaries, allowances and non-cash benefits	611,909.62	719,053.38
Performance related bonuses	237,522.00	288,002.00
Pension scheme contributions	129,571.20	143,308.80
Total	1,104,002.82	1,300,364.18

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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)*

1. Independent Non-executive Directors

The remuneration paid to Independent Non-executive Directors for the Year is as follows:

Person	For the six months ended 30 June 2025 (Unaudited)	For the six months ended 30 June 2024 (Unaudited)
Zhang Ying Hua (Note 1)		25,000.00
Yu Jian Jun	25,000.00	25,000.00
Guo Jia Li (Note 1)		25,000.00
Ji Xuefeng (Note 1)	25,000.00	
Bai Mo (Note 1)		
Total	50,000.00	75,000.00

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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

For the six months ended June 30 2025 (unaudited)

Person	Remuneration	Salaries, allowances, and non-cash benefits	Performance related bonuses	Pension scheme contributions	Total remuneration
<i>Executive Directors:</i>					
Wang Cong (Note 1&7)					
Tang Jie	25,000.00				25,000.00
Sun Liangchuan (Note 5)		132,285.78	10,800.00	24,062.40	167,148.18
Sub-total	25,000.00	132,285.78	10,800.00	24,062.40	192,148.18
<i>Non-executive Directors:</i>					
Zhang Jinghan (Note 6)					
Sha Caiping (Note 2&9)					
Yang Zufeng (Note 2&9)					
Sub-total					
<i>Supervisors:</i>					
Hao Yunhe (Note 8)					
Zhang Tingting		80,333.04	100,806.00	18,900.48	200,039.52
Liu Zhi Yuan	25,000.00				25,000.00
Bian Hong (Note 4)	25,000.00				25,000.00
You Hui Yan		75,154.60	99,996.00	18,087.36	193,237.96
Xu Hui (Note 4)					
Sub-total	50,000.00	155,487.64	200,802.00	36,987.84	443,277.48
Other senior managers		324,136.20	25,920.00	68,520.96	418,577.16
Total	75,000.00	611,909.62	237,522.00	129,571.20	1,054,002.82

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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)*

For the six months ended June 30 2025 (unaudited) *(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.

Note 9: This Director has waived remuneration since 27 June 2024.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

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 (%)
津燃華潤燃氣有限公司	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)*

For the six months ended 30 June 2025

(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)*

For the six months ended 30 June 2025

(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 the six months ended 30 June 2025 (Unaudited)	Amounts for the six months ended 30 June 2024 (Unaudited)
津燃華潤燃氣有限公司	Purchase of piped gas	752,025,606.78	820,279,660.64
天津市液化氣工程有限公司	Engineering construction services	116,523.85	
天津市聯益燃氣配套工程有限責任公司	Engineering construction services		251,328.44
天津市眾元天然氣工程有限公司	Engineering construction services	9,053,708.88	867,384.41
天津華潤萬家生活超市有限公司	Bonus and welfare fund	32,960.60	
華潤萬家	Bonus and welfare fund	743.90	
天津市允孚燃氣科貿有限公司	Engineering materials	274,568.68	
天津市裕民燃氣表具有限公司	Equipment	711,649.34	
天津市熱力有限公司	Heating fee	80,542.00	
天津市燃氣集團有限公司	Utilities fee	23,240.89	
天津市津燃置業投資有限公司	Property fee	371,213.00	
天津市津能工程管理有限公司	Engineering construction services	60,645.49	
天津市燃氣熱力規劃設計研究院有限公司	Design fee	70,251.80	
Total		762,825,428.79	821,398,373.49

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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	Details of related party transaction	Amounts for the six months ended 30 June 2025 (Unaudited)	Amounts for the six months ended 30 June 2024 (Unaudited)
天津市眾元天然氣工程有限公司	Rent services	11,000.92	11,000.92
天津濱燃管網建設有限公司	Sales of goods	126,134,233.44	147,957,490.28
天津市熱力有限公司	Sales of goods	371,083.05	243,912.25
Total		126,516,317.41	148,212,403.45

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 (Unaudited)	Start date	End date	Rental income (Unaudited)	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
天津市液化氣 有限責任公司	Tianjin Jinran Public Utilities Company Limited	Property	233,142.88	2025/1/1	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	93,154.29	2024/4/1	2025/3/31		lease contract
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			2023/10/17	2025/10/16	11,000.92	lease contract

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(VI) Amounts due from related parties

1. *Receivables*

Item	Related parties	Balance as at 30 June 2025 (Unaudited)		Balance as at 31 December 2024 (Audited)	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Trade receivables	天津濱燃管網建設有限公司	120,356,145.39		120,356,145.39	
Trade receivables	天津濱海中油燃氣有限責任公司	299.11		299.11	
Trade receivables	津燃華潤燃氣有限公司	206,705.99	206,705.99	206,705.99	
Prepayments	天津市熱力有限公司			87,636.00	
Prepayments	津燃華潤燃氣有限公司	360,502.86			
Other receivables	津燃華潤燃氣有限公司	574,840.21		583,643.33	
Total		121,498,493.56	206,705.99	121,234,429.82	

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(VI) Amounts due from/due to related parties *(continued)*

2. Payables

Item	Related parties	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Trade payables	津燃華潤燃氣有限公司		54,834,004.83
Trade payables	天津市聯益燃氣配套工程有限責任公司	11,907,717.75	11,922,855.37
Trade payables	天津市液化氣工程有限公司	8,090,883.50	9,881,217.11
Trade payables	天津市眾元天然氣工程有限公司	24,752,583.50	29,241,806.78
Trade payables	天津市裕民燃氣表具有限公司	10,456,256.05	11,695,915.26
Trade payables	Tianjin Gangshi Fuel Gas Scientific & Industrial Trade Development Co., Ltd.	5,577,178.80	5,655,781.20
Trade payables	天津市燃氣熱力規劃設計研究院有限公司	4,686,181.16	4,620,452.25
Trade payables	華潤燃氣(鄭州)市政設計研究院有限公司	137,659.50	668,189.50
Trade payables	天津市津能工程管理有限公司		160,355.45
Trade payables	天津能源投資集團科技有限公司		62,404.19
Trade payables	天津市允孚燃氣科貿有限公司	616,871.32	393,471.13
Trade payables	天津華潤萬家生活超市有限公司	5,655.00	5,655.00
Other payables	天津市眾元天然氣工程有限公司	168,725.56	118,651.00
Other payables	天津市裕民燃氣表具有限公司	984,899.05	884,161.65
Other payables	天津能源投資集團科技有限公司	0.01	0.01
Other payables	天津市允孚燃氣科貿有限公司	24,768.75	7,160.85
Other payables	天津市津燃置業投資有限公司	178,182.88	902,425.73
Other payables	天津市聯益燃氣配套工程有限責任公司	23,070.56	
Other payables	天津市液化氣工程有限公司	48,921.72	
Total		67,659,555.11	131,054,507.31

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 party

1. Contract liabilities

	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Related party		
天津市熱力有限公司	1,955,677.17	1,955,677.17
天津市液化氣工程有限公司	1,567.80	
天津華潤萬家生活超市有限公司	288,100.87	288,100.87
天津濱海中油燃氣有限責任公司	86,028.04	86,028.04
天津市津能投資有限公司	3,729.30	3,729.30
天津泰華燃氣有限公司	804,461.15	804,461.15
Total	3,139,564.33	3,137,996.53

(VIII) Remuneration of key management

Item	For the six months ended 30 June 2025 (Unaudited)	For the six months ended 30 June 2024 (Unaudited)
Remuneration of key management	979,002.82	1,150,364.18

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Cash		
Cash at banks	467,009,675.03	694,754,472.94
Other monetary funds		
Total	467,009,675.03	694,754,472.94

(II) Trade receivables

1. Disclosure of trade receivables by ageing

Ageing	Balance as at 30 June 2025 (Unaudited)		Balance as at 31 December 2024 (Audited)	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
0 to 6 months	265,013,195.80		237,554,586.27	
6 months to 1 year	6,484,751.55	324,237.57	108,913.62	5,445.68
1 to 2 years	727,222.23	103,791.09	519,376.99	83,006.56
2 to 3 years	278,150.04	55,630.01	975.00	195.00
Over 3 years	11,641,877.29	11,641,877.29	11,741,877.29	11,741,877.29
Total	284,145,196.91	12,125,535.96	249,925,729.17	11,830,524.53

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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) Trade receivables *(continued)*

2. Trade receivables disclosed by classification of provision method for bad debts

Type	Balance as at 30 June 2025 (Unaudited)				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Expected credit loss rate/accruing	Carrying amount
				percentage (%)	
Trade receivables for which provision for bad debts is made on an individual basis	11,676,398.25	4.11	11,676,398.25	100.00	
Trade receivables for which provision for bad debts is made by credit risk characteristic group	272,468,798.66	95.89	449,137.71	0.16	272,019,660.95
Including: Aging group	272,468,798.66	95.89	449,137.71	0.16	272,019,660.95
Other groups					
Total	284,145,196.91	100.00	12,125,535.96		272,019,660.95

Type	Balance as at 31 December 2024 (Audited)				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Expected credit loss rate/accruing	Carrying amount
				percentage (%)	
Trade 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	
Trade 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: Aging 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

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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) Trade receivables *(continued)*

2. Trade receivables disclosed by classification of provision method for bad debts *(continued)*

Trade receivables for which provision for bad debts is made by credit risk characteristic group

(1) Aging group

Aging	Balance as at 30 June 2025 (Unaudited)			Balance as at 31 December 2024 (Audited)		
	Gross carrying amount	Provision for		Gross carrying amount	Provision for	
	Amount	Percentage (%)	bad debts	Amount	Percentage (%)	bad debts
0 to 6 months	265,013,195.80	97.27		237,554,586.27	99.75	
6 months to 1 year	6,484,751.55	2.38	324,237.57	108,913.62	0.05	5,445.68
1 to 2 years	692,701.27	0.25	69,270.13	484,856.03	0.20	48,485.60
2 to 3 years	278,150.04	0.10	55,630.01	975.00	<0.01	195.00
Over 3 years						
Total	272,468,798.66	100.00	449,137.71	238,149,330.92	100.00	54,126.28

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 30 June 2025 (Unaudited)	Balance as at 31 December 2024 (Audited)
Interest receivables		
Dividend receivables		
Other receivables	5,752,111.28	5,584,136.51
Total	5,752,111.28	5,584,136.51

1. Other receivables

(1) Disclosure of other receivables by ageing

Aging	Balance as at 30 June 2025 (Unaudited)		Balance as at 31 December 2024 (Audited)	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Within 1 year (inclusive)	1,321,351.64		1,145,786.87	
1 to 2 years	1,506,080.71		1,513,670.71	
2 to 3 years	1,523,150.67		1,523,150.67	
Over 3 years	3,890,469.55	2,488,941.29	3,890,469.55	2,488,941.29
Total	8,241,052.57	2,488,941.29	8,073,077.80	2,488,941.29

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

Type	Balance as at 30 June 2025 (Unaudited)				
	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	30.00	2,488,941.29	100.00	
Other receivables for which provision for bad debts is made by credit risk characteristic group	5,752,111.28	70.00			5,752,111.28
Total	8,241,052.57	–	2,488,941.29	–	5,752,111.28

Type	Balance as at 31 December 2024 (Audited)				
	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	30.83	2,488,941.29	100.00	
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

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 2024 (Audited)	Increase	Decrease	Balance as at 30 June 2025 (Unaudited)
Investments in subsidiaries	20,000,000.00			20,000,000.00
Investments in associates	53,606,944.82		2,209,452.87	51,397,491.95
Sub-total	73,606,944.82		2,209,452.87	71,397,491.95
Less: provision for impairment of long-term equity investments	20,000,000.00			20,000,000.00
Total	53,606,944.82		2,209,452.87	51,397,491.95

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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)*

2. Breakdown of long-term equity investments

Investee	Investment cost	Balance as at 31 December 2024 (Audited)	Movements during the period						Other	Balance as at 30 June 2025 (Unaudited)	provision for impairment balance as at 30 June 2025 (Unaudited)
			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		
I. Subsidiary											
天津天智節能科技有 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	53,606,944.82				-2,578,906.29		369,453.42			51,397,491.95	
Total	73,606,944.82	20,000,000.00			-2,578,906.29		369,453.42			71,397,491.95	20,000,000.00

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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	98,355,629.89	133,438,064.79
Non-current assets	207,813,657.92	213,948,081.21
Total assets	306,169,287.81	347,386,146.00
Current liabilities	89,139,005.70	119,159,894.01
Non-current liabilities	60,556,722.13	64,520,440.39
Total liabilities	149,695,727.83	183,680,334.40
Net assets	156,473,559.98	163,705,811.60
Net assets portion based on shareholding	47,802,672.57	50,012,125.44
Adjustment		
Book value of equity investments in associates	53,606,944.82	53,606,944.82
Fair value of equity investments for which publicly quoted prices exist		
Revenue	115,096,257.01	124,026,436.75
Net profit	-8,441,591.78	-2,322,504.57
Other comprehensive income		
Total comprehensive income	-8,441,591.78	-2,322,504.57
Dividends received by the enterprise from associates for the period		

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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

Item	Balance as at 30 June 2025 (Unaudited)	Balance as at 31 December (Audited)
Fixed assets	726,166,575.10	756,017,471.33
Disposal of fixed assets	8,406.10	35,668.26
Total	726,174,981.20	756,053,139.59

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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 2024 (Audited)	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
2. Increase			3,459,928.31	95,467.69	69,557.52		3,624,953.52
(1) Purchase			2,883,951.36	95,467.69	69,557.52		3,048,976.57
(2) Transferred from construction in progress			575,976.95				575,976.95
3. Decrease							
(1) Disposal or scrap							
4. Balance as at 30 June 2025 (Unaudited)	48,990,991.60	1,327,189,703.25	316,425,984.88	5,220,020.24	11,034,731.86		1,708,861,431.83
II. Accumulated depreciation							
1. Balance as at 31 December 2024 (Audited)	20,101,776.51	722,372,618.92	101,700,412.48	4,178,061.19	8,284,737.60		856,637,606.70
2. Increase	531,007.80	22,135,983.49	10,517,885.97	63,712.68	227,259.81		33,475,849.75
(1) Provision	531,007.80	22,135,983.49	10,517,885.97	63,712.68	227,259.81		33,475,849.75
3. Decrease							
(1) Disposal or scrap							
(2) Other							
4. Balance as at 30 June 2025 (Unaudited)	20,632,784.31	744,508,602.41	112,218,298.45	4,241,773.87	8,511,997.41		890,113,456.45
III. Impairment provision							
1. Balance as at 31 December 2024 (Audited)	606,570.17	64,012,501.98	27,593,342.15	56,102.03	312,883.95		92,581,400.28
2. Increase							
(1) Provision							
3. Decrease							
(1) Disposal or scrap							
4. Balance as at 30 June 2025 (Unaudited)	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 30 June 2025 (Unaudited)	27,751,637.12	518,668,598.86	176,614,344.28	922,144.34	2,209,850.50		726,166,575.10
2. Carrying amount as at 31 December 2024 (Audited)	28,282,644.92	540,804,582.35	183,672,301.94	890,389.33	2,367,552.79		756,017,471.33

As of 30 June 2025, the Company had no fixed assets pending certificates of property ownership.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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) Revenue and cost of sales

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)		Amount incurred for the six months ended 30 June 2024 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	824,200,063.02	846,735,210.07	873,429,018.15	898,972,185.79
Others	132.74			
Total	824,200,195.76	846,735,210.07	873,429,018.15	898,972,185.79

1. Revenue is stated as follows:

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Revenue from contracts with customers	824,189,194.84	873,418,017.23
Rentals	11,000.92	11,000.92
Total	824,200,195.76	873,429,018.15

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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) Revenue and cost of sales *(continued)*

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

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)		Amount incurred for the six months ended 30 June 2024 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue recognised at a point in time	815,063,353.89	844,633,714.98	863,619,623.67	890,312,871.78
Sales of piped gas	815,063,221.15	844,633,714.98	863,598,266.50	890,312,511.78
Sales of gas appliances and others	132.74		21,357.17	360.00
Revenue recognised over time	9,125,840.95	2,101,495.09	9,798,393.56	8,659,314.01
Gas connection income	7,755,023.52	2,101,495.09	9,798,393.56	8,659,314.01
Gas transportation				
Entrusted management and operation and maintenance service income	1,370,817.43			
Total	824,189,194.84	846,735,210.07	873,418,017.23	898,972,185.79

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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) Revenue and cost of sales *(continued)*

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

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Sales of piped gas	129,516,024.26	154,187,686.93
Gas connection	4,085,484.97	2,647,085.28
Sales of gas appliances and others		
Total	133,601,509.23	156,834,772.21

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

(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) Revenue and cost of sales *(continued)*

3. *Revenue recognised that was included in contract liabilities at the beginning of the period (continued)*

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 30 June 2025, the transaction price allocated to the remaining performance obligation was RMB213,177,245.81 (31 December 2024: RMB281,684,127.55) and the Group will recognize this amount as revenue in future upon delivery of the products or based on the progress of completion of gas connection.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2025

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

XIV. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS *(continued)*

(VII) Investment income

1. Breakdown of investment income

Source of investment income	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount incurred for the six months ended 30 June 2024 (Unaudited)
Profit from long-term equity investments under the equity method	-2,578,906.29	-709,525.15
Total	-2,578,906.29	-709,525.15

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's principal activities are the operation and management of gas pipeline infrastructure and the sale and distribution of piped gas in China. The Company endeavours to promote 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.

FINANCIAL REVIEW

For the Reporting Period, the Group recorded revenue of approximately RMB824.2 million (2024-1H: RMB873.4 million), representing a decrease of approximately 5.63% from 2024-1H. The loss before tax for the Reporting Period was approximately RMB28.1 million (2024-1H: loss before tax from continuing operation of approximately RMB29.1 million), and a loss attributable to shareholders of the parent of approximately RMB28.6 million (2024-1H: RMB22.1 million). The business for the period remained relatively stable compared to the same period last year, with revenue of approximately RMB824,200,000 (same period in 2024: RMB873,400,000) and total profit of approximately RMB-28,100,000 (same period in 2024: RMB-29,100,000).

Segmental Information

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Liquidity, Financial Resources and Capital Structure

As of 30 June 2025, total equity attributable to shareholders of the Company amounted to approximately RMB1,356.08 million (31 December 2024: RMB1,384.35 million). The Company's registered capital was RMB183,930,780 as of 30 June 2025 (with 1,839,307,800 ordinary shares with a nominal value of RMB0.1 each in issue, comprising 1,339,247,800 domestic shares and 500,060,000 H shares). The Group is generally funded by equity financing and fund flow from operating activities. As of 30 June 2025, the Group did not have any bank borrowings (31 December 2024: Nil). As of 30 June 2025, the Company's consolidated net current assets was approximately RMB408.790 million (31 December 2024: RMB412.690 million), including cash and cash equivalent of approximately RMB467.07 million (31 December 2024: RMB694.79 million) 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 during the Reporting Period, 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.

Significant Investments

The Group did not hold any significant investments for the Reporting Period (2024-1H: 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 30 June 2025 and the date of this report, the Group had no specific plan for material investments or capital assets that have been approved by the Board.

Charges on the Group's Assets

As of 30 June 2025, none of the Group's assets was pledged as security for liability.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Gearing Ratio

The Group's gearing ratio (total liabilities to total asset ratio) as at 30 June 2025 was approximately 0.26 (31 December 2024: approximately 0.32).

Contingent Liabilities

As of 30 June 2025, the Group had no material contingent liabilities or guarantees (31 December 2024: Nil).

Treasury Policy

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 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 within the limit as the Board may authorize the Company's general manager from time to time, and would be in compliance with applicable regulatory requirements and the Company's articles of association.

Staff and Emolument Policy

As of 30 June 2025, the Group had a workforce of 542 full-time employees (30 June 2024: 596). Total staff costs for the Reporting Period was approximately RMB44,800,000 (2024-1H: RMB51.3 million).

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Dividend

No dividends were declared or proposed during the Reporting Period. The Board does not recommend a distribution of dividend for the Reporting Period (2024-1H: Nil).

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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 continue to expand the gas market, develop integrated energy businesses, and enhance the Company's operational scale and profitability;
- continue to improve the financial management system, with a view to reduce operating costs, and maximise the benefits from project operations;
- 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;

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

- 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"))) during the Reporting Period. As of 30 June 2025, the Company did not hold any treasury shares.

Directors', Chief Executives' and Supervisors' Interests in Securities

As at 30 June 2025, the interests and short positions of the Directors, chief executives and supervisors of the Company (the "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 in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Domestic Shares of RMB0.1 each in the capital of the Company (Long position)

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%

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Save as disclosed above, as at 30 June 2025, 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 in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange.

Substantial Shareholders and Other Persons

So far as is known to the Directors, as at 30 June 2025, the following persons (not being a Director, chief executive or Supervisor of the Company) had notified 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:

Substantial Shareholders

Domestic Shares of RMB0.1 each in the capital of the Company (Long position)

Name	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 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 controlled corporation	1,297,547,800	70.54%/96.89%

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Name	Capacity	Number of Domestic Shares interested	Approximate percentage of interests in the Company/ Domestic Shares
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 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%

Notes:

So far as the Company is aware of:

1. As at 30 June 2025, 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 to CCB Tianjin. Therefore CCB Tianjin is taken to be interested in all the Domestic Shares Tianjin Gas is interested in for the purpose of the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Other Persons

H Shares of RMB0.1 each in the capital of the Company (Long position)

Name	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%
	Interest of a 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%

Notes:

So far as the Company is aware of:

1. Mr. Liu Hei Wan and Ms. Law Suet Yi jointly held 14,500,000 H Shares.
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 purposes of the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Save as disclosed above, as at 30 June 2025, no other interests required to be recorded in the register required to be kept under section 336 of the SFO have been notified to the Company.

Pledging of Shares by the Controlling Shareholder

So far as the Company is aware of, there was no pledging of the Company's shares by the controlling shareholder of the Company required to be disclosed under Rule 13.21 of the Listing Rules during the Reporting Period.

Directors' and Supervisors' Interests in Contracts

Save as disclosed in this report, no contract of significance to which the Company or its subsidiaries was a party and in which a Director or Supervisor had a material interest, whether directly or indirectly, subsisted at the end of or during the Reporting Period.

Compliance with the Corporate Governance Code

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, and the Company adopts corporate governance practices with an aim 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 principles set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules. The Company complied with all applicable code provisions set out in Part 2 of the Corporate Governance Code during the Reporting Period.

Arrangements to Purchase Shares or Debentures

At no time during the Reporting Period was the Company or its subsidiaries a party to any arrangements 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors (namely Mr. Bai Mo, Mr. Yu Jian Jun and Ms. Ji Xuefeng). The primary duties of the audit committee are to review and to provide supervision over the financial reporting system and risk management and internal control systems of the Group.

The audit committee has reviewed the Company’s consolidated financial results for the Reporting Period and this report.

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

Change of Supervisor

With effect from 14 March 2025, Ms. Hao Yunhe has been appointed as the new shareholders’ representative supervisor of the Company 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Connected transactions

Procurement of materials from Jinran China Resources

The Company and Jinran China Resources Gas Co., Ltd (“Jinran China Resources”, a controlling shareholder and thus a connected person of the Company) entered into a products procurement framework agreement on 30 June 2025 regarding the procurement of products required for the Group’s business (the “Framework Agreement”) for a term commencing from the effective date of the Framework Agreement and ending on 31 December 2027. The annual caps under the Framework Agreement are RMB11.5 million for the period from the effective date of the Framework Agreement to 31 December 2025, RMB13.5 million for 2026 and RMB12.5 million for 2027, respectively. The Framework Agreement 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 13 August 2025. More information is set out in the Company’s circular dated 24 July 2025.

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. With no successful bidders identified in the listing of the Jining Branch Company’s assets conducted at the Tianjin Property Rights Exchange, the Company is exploring different options such assets.

Subsequent event

The Company had no material event since the end of the Reporting Period and up to the date of this report.

By Order of the Board

Tianjin Jinran Public Utilities Company Limited

Wang Cong

Chairman of the Board

Tianjin, the People’s Republic of China, 28 August 2025

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

As at the date of this report, the Board comprises 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.

In this report, the English names of certain PRC entities and persons are translations of their Chinese names and included herein for identification purpose only. If there is any inconsistency, the Chinese names shall prevail.

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

This 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.