



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
2026

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 2026 (“first half of 2026”, or the “Reporting Period”) together with unaudited comparative figures for the corresponding period in 2025 (“2025-1H” or “first half of 2025”) as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

(Expressed in Renminbi Yuan)

	Note VI	30 June 2026 (Unaudited)	31 December 2025 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances	(I)	445,440,050.06	519,058,229.61
Trade receivables	(II)	259,173,416.90	326,999,001.18
Receivables under financing	(III)	89,411,933.61	72,665,784.65
Prepayments	(IV)	3,429,056.08	1,779,484.22
Other receivables	(V)	2,814,289.89	820,000.61
Inventories	(VI)	1,402,099.11	979,646.35
Non-current assets due within one year	(VII)	93,170,039.69	91,932,971.21
Other current assets	(VIII)	2,748,145.79	905,694.09
Total current assets		897,589,031.13	1,015,140,811.92
NON-CURRENT ASSETS			
Long-term equity investments	(IX)	53,169,746.25	53,307,456.40
Investment properties	(X)	11,095,632.54	11,347,517.46
Fixed assets	(XI)	682,226,000.10	713,134,417.69
Construction in progress	(XII)	39,375,517.25	38,635,371.92
Right of use assets	(XIII)	1,115,469.50	558,428.61
Intangible assets	(XIV)	9,510,896.00	9,733,205.12
Deferred tax assets	(XV)	67,941,779.65	70,869,125.56
Other non-current assets	(XVI)	143,704,061.04	117,320,435.03
Total non-current assets		1,008,139,102.33	1,014,905,957.79
TOTAL ASSETS		1,905,728,133.46	2,030,046,769.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2026

(Expressed in Renminbi Yuan)

	Note VI	30 June 2026 (Unaudited)	31 December 2025 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	(XVII)	189,499,864.02	269,808,338.23
Contract liabilities	(XVIII)	213,356,724.32	243,402,485.38
Employee benefits payable	(XIX)	8,894,409.85	16,315,635.27
Taxes payable	(XX)	7,781,678.57	13,089,771.05
Other payables	(XXI)	25,571,500.83	22,711,335.15
Non-current liabilities due within one year	(XXII)	856,205.13	561,501.65
Other current liabilities	(XXIII)	16,820,329.16	21,906,223.88
Total current liabilities		462,780,711.88	587,795,290.61
NON-CURRENT LIABILITIES			
Lease liabilities	(XXIV)	878,477.89	—
Deferred income	(XXV)	99,343,051.21	102,172,228.51
Total non-current liabilities		100,221,529.10	102,172,228.51
Total liabilities		563,002,240.98	689,967,519.12
SHAREHOLDERS' EQUITY			
Share capital	(XXV)	183,930,780.00	183,930,780.00
Capital reserve	(XXVI)	790,487,856.76	790,332,352.18
Specialised reserve	(XXVII)	—	96.21
Surplus reserve	(XXVIII)	128,277,523.13	128,277,523.13
Retained earnings	(XXIX)	240,029,732.59	237,538,499.07
Total equity attributable to shareholders of the parent		1,342,725,892.48	1,340,079,250.59
Non-controlling interests		—	—
Total shareholders' equity		1,342,725,892.48	1,340,079,250.59
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,905,728,133.46	2,030,046,769.71

STATEMENT OF FINANCIAL POSITION

30 June 2026

(Expressed in Renminbi Yuan)

	Note XIV	30 June 2026 (Unaudited)	31 December 2025 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances	(I)	445,407,316.00	518,948,704.98
Trade receivables	(II)	259,173,416.90	326,999,001.18
Receivables under financing		89,411,933.61	72,665,784.65
Prepayments		3,429,056.08	1,779,484.22
Other receivables	(III)	7,965,018.46	5,970,729.18
Inventories		1,402,099.11	979,646.35
Non-current assets due within one year		93,170,039.69	91,932,971.21
Other current assets		2,748,145.79	905,694.09
Total current assets		902,707,025.64	1,020,182,015.86
NON-CURRENT ASSETS			
Long-term equity investments	(IV)	53,169,746.25	53,307,456.40
Investment properties		11,095,632.54	11,347,517.46
Fixed assets	(V)	682,226,000.10	713,134,417.69
Construction in progress		39,375,517.25	38,635,371.92
Right of use assets		1,115,469.50	558,428.61
Intangible assets		9,510,896.00	9,733,205.12
Deferred tax assets		72,941,779.65	75,869,125.56
Other non-current assets		143,704,061.04	117,320,435.03
Total non-current assets		1,013,139,102.33	1,019,905,957.79
TOTAL ASSETS		1,915,846,127.97	2,040,087,973.65

STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2026

(Expressed in Renminbi Yuan)

	Note XIV	30 June 2026 (Unaudited)	31 December 2025 (audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables		189,499,864.02	269,808,338.23
Contract liabilities		213,356,724.32	243,402,485.38
Employee benefits payable		8,894,409.85	16,315,635.27
Taxes payable		7,760,051.43	13,068,143.91
Other payables		25,501,000.83	22,640,835.15
Non-current liabilities due within one year		856,205.13	561,501.65
Other current liabilities		16,820,329.16	21,906,223.88
Total current liabilities		462,688,584.74	587,703,163.47
NON-CURRENT LIABILITIES			
Lease liabilities		878,477.89	—
Deferred income		99,343,051.21	102,172,228.51
Total non-current liabilities		100,221,529.10	102,172,228.51
Total liabilities		562,910,113.84	689,875,391.98
SHAREHOLDERS' EQUITY			
Share capital		183,930,780.00	183,930,780.00
Capital reserve		790,487,856.76	790,332,352.18
Specialised reserve		-0.00	96.21
Surplus reserve		128,277,523.13	128,277,523.13
Retained earnings		250,239,854.24	247,671,830.15
Total shareholders' equity		1,352,936,014.13	1,350,212,581.67
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,915,846,127.97	2,040,087,973.65

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

(Expressed in Renminbi Yuan)

	Note VI	For the six months ended 30 June 2026 (Unaudited)	For the six months ended 30 June 2025 (Unaudited)
Revenue	(XXX)	994,657,177.70	824,200,195.76
Less: Cost of sales	(XXX)	980,624,444.61	846,735,210.07
Taxes and surcharges	(XXXI)	813,625.43	634,884.65
Administrative expenses	(XXXII)	13,801,384.64	11,540,825.08
Finance costs	(XXXIII)	-4,799,388.18	-6,505,768.46
Including: Interest income		4,915,328.22	6,670,110.55
Add: Other income	(XXXIV)	2,841,958.62	2,830,596.70
Investment income	(XXXV)	-293,118.52	-2,578,906.29
Including: Investment income from associates		-293,118.52	-2,578,906.29
Credit impairment losses	(XXXVI)	-1,341,394.13	-295,011.43
Operating (loss)/profit		5,424,557.17	-28,248,276.60
Add: Non-operating income	(XXXVII)	4,695.39	130,700.77
Less: Non-operating expenses	(XXXVIII)	10,673.13	-17,789.38
Total (loss)/profit		5,418,579.43	-28,099,786.45
Less: Income tax expense	(XXXIX)	2,927,345.91	551,643.52
Net (loss)/profit		2,491,233.52	-28,651,429.97

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

For the six months ended 30 June 2026

(Expressed in Renminbi Yuan)

	Note VI	For the six months ended 30 June 2026 (Unaudited)	For the six months ended 30 June 2025 (Unaudited)
Classified by continuing operations			
Net (loss)/profit from continuing operations		2,491,233.52	-28,651,429.97
Classified by ownership			
Net (loss)/profit attributable to shareholders of the parent		2,491,233.52	-28,640,568.75
Profit or loss attributable to non-controlling interests		–	-10,861.22
Other comprehensive income, net of tax		–	–
Total comprehensive income		2,491,233.52	-28,651,429.97
Including:			
Total comprehensive income attributable to shareholders of the parent		2,491,233.52	-28,640,568.75
Total comprehensive income attributable to non-controlling interests		–	-10,861.22
(Loss)/earnings per share (RMB/share)			
Basic (loss)/earnings per share	(XL)	0.001	-0.016
Diluted (loss)/earnings per share		0.001	-0.016

STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

(Expressed in Renminbi Yuan)

	Note XIV	For the six months ended 30 June 2026 (Unaudited)	For the six months ended 30 June 2025 (Unaudited)
Revenue	(VI)	994,657,177.70	824,200,195.76
Less: Cost of sales	(VI)	980,624,444.61	846,735,210.07
Taxes and surcharges		813,625.43	634,884.65
Administrative expenses		13,724,581.64	11,377,487.95
Finance costs		-4,799,375.75	-6,506,402.50
Including: Interest income		4,915,315.79	6,670,047.19
Add: Other income		2,841,958.62	2,830,596.70
Investment income	(VII)	-293,118.52	-2,578,906.29
Including: Investment income from associates		-293,118.52	-2,578,906.29
Credit impairment losses		-1,341,394.13	-295,011.43
Operating (loss)/profit		5,501,347.74	-28,084,305.43
Add: Non-operating income		4,695.39	57,249.45
Less: Non-operating expenses		10,673.13	-17,789.38
Total (loss)/profit		5,495,370.00	-28,009,266.60
Less: Income tax expense		2,927,345.91	551,643.52
Net (loss)/profit		2,568,024.09	-28,560,910.12
Including: Net (loss)/profit from continuing operations		2,568,024.09	-28,560,910.12
Other comprehensive income, net of tax		-	-
Total comprehensive income		2,568,024.09	-28,560,910.12

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

(Expressed in Renminbi Yuan)

	Note VI	For the six months ended 30 June 2026 (Unaudited)	For the six months ended 30 June 2025 (Unaudited)
1. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		1,048,209,550.03	781,610,743.77
Refunds of taxes		–	2.29
Cash received relating to other operating activities		4,913,086.19	5,717,594.55
Sub-total of cash inflows from operating activities		1,053,122,636.22	787,328,340.61
Cash paid for goods and services		1,032,101,857.52	925,517,649.13
Cash paid to and on behalf of employees		35,859,686.29	59,717,068.97
Cash paid for all types of taxes		3,726,073.78	1,322,294.17
Cash paid relating to other operating activities		18,471,206.74	12,111,574.37
Sub-total of cash outflows from operating activities		1,090,158,824.33	998,668,586.64
Net cash flows used in operating activities (XLI)		-37,036,188.11	-211,340,246.03

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2026

(Expressed in Renminbi Yuan)

	Note VI	For the six months ended 30 June 2026 (Unaudited)	For the six months ended 30 June 2025 (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		3,000.00	136,153.60
Sub-total of cash inflows from investing activities		3,000.00	136,153.60
Cash paid for acquisitions of fixed assets, intangible assets, and other long-term assets		6,584,991.44	16,218,134.90
Cash paid relating to investments		30,000,000.00	—
Cash paid relating to other investing activities		—	—
Sub-total of cash outflows from investing activities		36,584,991.44	16,218,134.90
Net cash flows from/(used in) investing activities		-36,584,991.44	-16,081,981.30

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2026

(Expressed in Renminbi Yuan)

	Note VI	For the six months ended 30 June 2026 (Unaudited)	For the six months ended 30 June 2025 (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		-73,618,179.55	-227,724,600.33
Add: Cash and cash equivalents balance at beginning of the period		519,058,229.61	694,789,660.39
6. Cash and cash equivalents balance at end of the period	(XLI)	445,440,050.06	467,065,060.06

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2026 (Unaudited)	For the six months ended 30 June 2025 (Unaudited)
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	1,048,209,550.03	781,610,743.77
Refunds of taxes	—	—
Cash received relating to other operating activities	4,913,073.76	5,717,564.73
Sub-total of cash inflows from operating activities	1,053,122,623.79	787,328,308.50
Cash paid for goods and services	1,032,101,857.52	925,457,759.13
Cash paid to and on behalf of employees	35,782,883.29	59,644,821.84
Cash paid for all types of taxes	3,726,073.78	1,322,294.17
Cash paid relating to other operating activities	18,471,206.74	12,180,876.97
Sub-total of cash outflows from operating activities	1,090,082,021.33	998,605,752.11
Net cash flows used in operating activities	-36,959,397.54	-211,277,443.61

STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2026

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2026 (Unaudited)	For the six months ended 30 June 2025 (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	3,000.00	53,153.60
Sub-total of cash inflows from investing activities	3,000.00	53,153.60
Cash paid for acquisitions of fixed assets, intangible assets, and other long-term assets	6,584,991.44	16,218,134.90
Cash paid relating to investments	30,000,000.00	–
Cash paid relating to other investing activities	–	–
Sub-total of cash outflows from investing activities	36,584,991.44	16,218,134.90
Net cash flows from/(used in) investing activities	-36,581,991.44	-16,164,981.30

STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2026

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2026 (Unaudited)	For the six months ended 30 June 2025 (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	-73,541,388.98	-227,744,797.91
Add: Cash and cash equivalents balance at beginning of the period	518,948,704.98	694,754,472.94
6. Cash and cash equivalents balance at end of the period	445,407,316.00	467,009,675.03

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2026

	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. Balance at the beginning of the period (Audited)	183,930,780.00	790,332,352.18	96.21	128,277,523.13	237,538,499.07	1,340,079,250.59	-	1,340,079,250.59
II. Changes during the period	-	155,504.58	-96.21	-	2,491,233.52	2,646,641.89	-	2,646,641.89
(I) Total comprehensive income	-	-	-	-	2,491,233.52	2,491,233.52	-	2,491,233.52
(II) Specialised reserve	-	-	-96.21	-	-	-96.21	-	-96.21
1. Provision during the period	-	-	4,580,765.62	-	-	4,580,765.62	-	4,580,765.62
2. Utilisation during the period	-	-	4,580,861.83	-	-	4,580,861.83	-	4,580,861.83
(III) Others	-	155,504.58	-	-	-	-	-	155,504.58
III. Balance at the end of the period (Unaudited)	183,930,780.00	790,487,856.76	-	128,277,523.13	240,029,732.59	1,342,725,892.48	-	1,342,725,892.48

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 2026

(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	Surplus reserve	Retained earnings	Sub-total		
I. Balance at the 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. Changes 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. Provision during the period	-	-	8,577,733.45	-	-	8,577,733.45	-	8,577,733.45
2. Utilisation during the period	-	-	8,208,280.03	-	-	8,208,280.03	-	8,208,280.03
III. Balance at the end of the period (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

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2026

	Share capital	Capital reserve	Specialised reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Balance at the beginning of the period (Audited)	183,930,780.00	790,332,352.18	96.21	128,277,523.13	247,671,830.15	1,350,212,581.67
II. Changes during the period	-	155,504.58	-96.21	-	2,568,024.09	2,723,432.46
(I) Total comprehensive income	-	-	-	-	2,568,024.09	2,568,024.09
(II) Specialised reserve	-	-	-96.21	-	-	-96.21
1. Provision during the period	-	-	4,580,765.62	-	-	4,580,765.62
2. Utilisation during the period	-	-	4,580,861.83	-	-	4,580,861.83
(III) Others	-	155,504.58	-	-	-	155,504.58
III. Balance at the end of the period (Unaudited)	183,930,780.00	790,487,856.76	-	128,277,523.13	250,239,854.24	1,352,936,014.13

STATEMENT OF CHANGES IN EQUITY *(continued)*

For the six months ended 30 June 2026

(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. Balance at the 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. Changes 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. Provision during the period	-	-	8,577,733.45	-	-	8,577,733.45
2. Utilisation during the period	-	-	8,208,280.03	-	-	8,208,280.03
III. Balance at the end of the period (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

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2026

(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 2026

(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 2026

(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 2026 and its operating results and cash flow for the six months ended 30 June 2026 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 2026

(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 2026

(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 2026

(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 2026

(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 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 2026

(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 its 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 2026

(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 2026

(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 2026

(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 2026

(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 2026

(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 2026

(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 2026

(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 2026

(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 2026

(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 2026

(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 2026

(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 Company 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;

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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) Significant increases in credit risk *(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.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XI) Inventories *(continued)*

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 Company 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.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(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".

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

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

3. Basis for determining joint control and significant influence over the investee

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

(XIV) Fixed assets

1. Recognition conditions of fixed assets

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

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XIV) Fixed assets *(continued)*

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 (years)	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 caves and ancillaries	6	—	16.67

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 caves and ancillaries	When reaching the intended serviceable condition

(XVI) Intangible assets

1. Measurement method 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 2026

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

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

(XVI) Intangible assets *(continued)*

1. Measurement method 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 (years)	Amortization method
Land use rights	40-70	Straight-line method
Software	10	Straight-line method
Mineral rights	6	Straight-line method

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 2026

(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.

(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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(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 remuneration

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

2. Post-employment benefits and termination benefits

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

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 (continued)*

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.

(XX) Estimated liabilities

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(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.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XXI) Revenue *(continued)*

1. 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. 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.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(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 cost increases the Company’s resources for satisfying performance obligations in the future;
3. the costs are expected to be recovered.

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XXII) Contract costs *(continued)*

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 2026

(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 2026

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

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

(XXIV) Deferred tax assets and deferred tax liabilities

1. Recognition of deferred 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 2026

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

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

(XXIV) Deferred tax assets and deferred 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 2026

(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 2026

(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 liabilities

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XXV) Leases *(continued)*

2. Accounting treatment of lessor

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

(1) Accounting treatment of 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 treatment of finance 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

Cash dividends of the Company are recognised as liabilities upon approval by the shareholders' general meeting.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 measurement

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 2026

(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 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 2026

(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 estimate*

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

IV. TAXES

(I) Major categories of taxes and 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 2026

(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 enterprise	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%

VI. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Cash and bank balances

Item	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Cash	—	—
Cash at banks	445,440,050.06	519,058,229.61
Other monetary funds	—	—
Total	445,440,050.06	519,058,229.61

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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

1. Disclosure of accounts receivables by ageing

The credit terms of accounts receivables are generally 90-180 days and accounts receivables are non-interest bearing.

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

Ageing	Balance as at 30 June 2026 (Unaudited)		Balance as at 31 December 2025 (Audited)	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
0 to 6 months	247,586,256.80	—	322,100,692.69	—
6 months to 1 year	9,606,195.84	480,309.79	5,861.40	293.07
1 to 2 years	5,861.40	586.14	6,652,957.88	2,071,405.39
2 to 3 years	5,077,007.78	2,854,546.00	422,774.30	112,171.63
Over 3 years	12,065,626.59	11,832,089.58	11,642,852.29	11,642,267.29
Total	274,340,948.41	15,167,531.51	340,825,138.56	13,826,137.38

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Expected credit	Carrying amount
				loss rate/ accruing percentage (%)	
Trade receivables for which provision for bad debts is made on an individual basis	13,975,328.80	5.09	13,975,328.80	100.00	-
Trade receivables for which provision for bad debts is made by credit risk characteristic group	260,365,619.61	94.91	1,192,202.71	0.46	259,173,416.90
Including: ageing group	260,365,619.61	94.91	1,192,202.71	0.46	259,173,416.90
Other groups	-	-	-	-	-
Total	274,340,948.41	100.00	15,167,531.51	-	259,173,416.90

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2025 (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	13,238,742.25	3.88	13,238,742.25	100.00	-
Trade receivables for which provision for bad debts is made by credit risk characteristic group	327,586,396.31	96.12	587,395.13	0.18	326,999,001.18
Including: ageing group	327,586,396.31	96.12	587,395.13	0.18	326,999,001.18
Other groups	-	-	-	-	-
Total	340,825,138.56	100.00	13,826,137.38	-	326,999,001.18

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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

Ageing	Balance as at 30 June 2026 (Unaudited)			Balance as at 31 December 2025 (Audited)		
	Gross carrying amount			Gross carrying amount		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
1 to 6 months	247,586,256.80	95.09	–	322,100,692.69	98.33	–
6 months to 1 year	9,606,195.84	3.69	480,309.79	5,861.40	0.01	293.07
1 to 2 years	5,861.40	0.00	586.14	5,090,613.88	1.55	509,061.39
2 to 3 years	2,778,077.23	1.07	555,615.45	388,253.34	0.10	77,650.67
Over 3 years	389,228.34	0.15	155,691.33	975.00	0.01	390.00
Total	260,365,619.61	100.00	1,192,202.71	327,586,396.31	100.00	587,395.13

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Bank acceptance bills receivable	89,411,933.61	72,665,784.65
Total	89,411,933.61	72,665,784.65

(IV) Prepayments

1. Prepayments shown by ageing

Ageing	Balance as at 30 June 2026 (Unaudited)			Balance as at 31 December 2025 (Audited)		
	Gross carrying amount		Provision for bad debts	Gross carrying amount		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year (inclusive)	3,266,498.86	95.26	-	1,671,478.08	93.93	-
1 to 2 years	123,261.47	3.59	-	87,042.05	4.89	-
2 to 3 years	39,295.75	1.15	-	20,964.09	1.18	-
Over 3 years	-	-	-	-	-	-
Total	3,429,056.08	100.00	-	1,779,484.22	100.00	-

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	2,814,289.89	820,000.61
Total	2,814,289.89	820,000.61

1. Other receivables

(1) Disclosure of other receivables by ageing

Ageing	Balance as at 30 June 2026 (Unaudited)		Balance as at 31 December 2025 (Audited)	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Within 1 year (inclusive)	2,592,785.80	—	993,669.83	—
1 to 2 years	567,730.05	—	376,799.71	—
2 to 3 years	314,242.97	—	191,359.04	—
Over 3 years	12,538,198.88	13,198,667.81	12,456,839.84	13,198,667.81
Total	16,012,957.70	13,198,667.81	14,018,668.42	13,198,667.81

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 debt

Type	Balance as at 30 June 2026 (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	13,198,667.81	82.42	13,198,667.81	100.00	-
Other receivables for which provision for bad debts is made by credit risk characteristic group	2,814,289.89	17.58	-	-	2,814,289.89
Total	16,012,957.70	100.00	13,198,667.81	-	2,814,289.89

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 debt *(continued)*

Type	Balance as at 31 December 2025 (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	13,198,667.81	94.15	13,198,667.81	100.00	–
Other receivables for which provision for bad debts is made by credit risk characteristic group	820,000.61	5.85	–	–	820,000.61
Total	14,018,668.42	100.00	13,198,667.81	–	820,000.61

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Inter-company balance	8,021,146.06	7,940,791.75
Employees' borrowings	145,735.83	144,873.83
Deposits and others	7,846,075.81	5,933,002.84
Total	16,012,957.70	14,018,668.42

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)			Balance as at 31 December 2025 (Audited)		
	Gross carrying amount	Inventory falling price reserves	Carrying amount	Gross carrying amount	Inventory falling price reserves	Carrying amount
Gas appliances and others	1,402,099.11	-	1,402,099.11	979,646.35	-	979,646.35
Total	1,402,099.11	-	1,402,099.11	979,646.35	-	979,646.35

(VII) Other current assets

Item	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Prepaid income tax	2,706,386.35	905,694.09
Others	41,759.44	-
Total	2,748,145.79	905,694.09

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2025 (Audited)	Increase during the period	Decrease during the period	Balance as at 30 June 2026 (Unaudited)
Investments in associates	53,307,456.40	155,408.37	293,118.52	53,169,746.25
Sub-total	53,307,456.40	155,408.37	293,118.52	53,169,746.25
Less: Provision for impairment of long-term equity investments	-	-	-	-
Total	53,307,456.40	155,408.37	293,118.52	53,169,746.25

2. Details of long-term equity investments

		Changes during the period										
Investee	Investment cost	Balance as at 31 December 2025 <i>(Audited)</i>	Additional 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	Others	Balance as at 30 June 2026 <i>(Unaudited)</i>	Closing balance of provision for impairment
Associates												
天津市滨海燃气有限公司	53,307,456.40	-	-	-	-293,118.52	-	155,408.37	-	-	-	53,169,746.25	-
Total	53,307,456.40	-	-	-	-293,118.52	-	155,408.37	-	-	-	53,169,746.25	-

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 *(continued)*

3. Key financial information of material associates

Item	Amount for the current period 天津市濱海燃 氣有限公司	Amount for the prior period 天津市濱海燃 氣有限公司
Current assets	96,196,790.97	136,009,062.93
Non-current assets	197,404,049.73	201,957,436.68
Total assets	293,600,840.70	337,966,499.61
Current liabilities	85,465,331.30	125,810,783.65
Non-current liabilities	45,860,789.70	49,430,226.54
Total liabilities	85,465,331.30	175,241,010.19
Net assets	162,274,719.70	162,725,489.42
Share of net assets calculated based on shareholding	49,574,926.87	49,712,637.02
Adjustments	—	—
Carrying amount of equity investments in associates	53,169,746.25	53,307,456.40
Fair value of equity investments with quoted prices	—	—
Revenue	132,378,288.38	107,344,585.08
Net profit	-959,471.42	-8,441,591.78
Other comprehensive income	—	—
Total comprehensive income	-959,471.42	-8,441,591.78
Dividends received from associates during the period	—	—

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(IX) Investment properties

1. Investment properties measured at cost

Item	Buildings	Total
I. Original carrying amount		
1. Balance as at 31 December 2025 (Audited)	23,296,181.46	23,296,181.46
2. Increase during the period	—	—
(1) Purchase	—	—
(2) Transferred from inventories/fixed assets/construction in progress	—	—
(3) Additions through corporate mergers	—	—
3. Decrease during the period	—	—
(1) Disposal	—	—
(2) Other transfers out	—	—
4. Balance as at 30 June 2026 (Unaudited)	23,296,181.46	23,296,181.46
II. Accumulated depreciation and accumulated amortisation		
1. Balance as at 31 December 2025 (Audited)	11,003,866.55	11,003,866.55
2. Increase during the period	251,884.92	251,884.92
(1) Provision or amortisation	251,884.92	251,884.92
(2) Transferred from inventories/fixed assets/construction in progress	—	—
3. Decrease during the period	—	—
(1) Disposal	—	—
(2) Other transfers out	—	—
4. Balance as at 30 June 2026 (Unaudited)	11,255,751.47	11,255,751.47

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(IX) Investment properties *(continued)*

1. Investment properties measured at cost *(continued)*

Item	Buildings	Total
III. Impairment provision		
1. Balance as at 31 December 2025 (Audited)	944,797.45	944,797.45
2. Increase during the period	—	—
(1) Provision	—	—
(2) Transferred from inventories/fixed assets/construction in progress	—	—
3. Decrease during the period	—	—
(1) Disposal	—	—
(2) Other transfers out	—	—
4. Balance as at 30 June 2026 (Unaudited)	944,797.45	944,797.45
IV. Carrying amount		
1. Carrying amount as at 30 June 2026 (Unaudited)	11,095,632.54	11,095,632.54
2. Carrying amount as at 31 December 2025 (Audited)	11,347,517.46	11,347,517.46

Note: As of 30 June 2026, the Company had no investment properties pending certificates of property ownership.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(X) Fixed assets

Item	Carrying amount as at 30 June 2026 (Unaudited)	Carrying amount as at 31 December 2025 (Audited)
Fixed assets	682,221,558.22	713,129,975.81
Disposal of fixed assets	4,441.88	4,441.88
Total	682,226,000.10	713,134,417.69

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(X) Fixed assets *(continued)*

1. Details of fixed assets

Item	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Total
I. Original carrying amount						
1. Balance as at 31 December 2025 (Audited)	29,518,772.16	1,336,460,885.40	336,001,705.46	5,695,576.90	11,126,644.23	1,718,803,584.15
2. Increase during the period	-	191,879.06	2,483,814.14	-	257,740.42	2,933,433.62
(1) Purchase	-	42,723.85	2,408,984.10	-	257,740.42	2,709,448.37
(2) Transferred from construction in progress	-	149,155.21	74,830.04	-	-	223,985.25
3. Decrease during the period	-	-	-	133,280.00	-	133,280.00
(1) Disposal or scrap	-	-	-	133,280.00	-	133,280.00
4. Balance as at 30 June 2026 (Unaudited)	29,518,772.16	1,336,652,764.46	338,485,519.60	5,562,296.90	11,384,384.65	1,721,603,737.77
II. Accumulated depreciation						
1. Balance as at 31 December 2025 (Audited)	10,204,440.30	765,124,133.77	124,522,187.66	4,553,667.12	8,719,781.27	913,124,210.12
2. Increase during the period	299,143.26	21,752,215.04	11,563,066.03	88,307.17	125,791.71	33,828,523.21
(1) Provision	299,143.26	21,752,215.04	11,563,066.03	88,307.17	125,791.71	33,828,523.21
3. Decrease during the period	-	-	-	119,952.00	-	119,952.00
(1) Disposal or scrap	-	-	-	119,952.00	-	119,952.00
(2) Others	-	-	-	-	-	-
4. Balance as at 30 June 2026 (Unaudited)	10,503,583.56	786,876,348.81	136,085,253.69	4,522,022.29	8,845,572.98	946,832,781.33
III. Impairment provision						
1. Balance as at 31 December 2025 (Audited)	554,797.31	64,012,501.98	27,593,342.15	72,949.04	315,807.74	92,549,398.22
2. Increase during the period	-	-	-	-	-	-
(1) Provision	-	-	-	-	-	-
3. Decrease during the period	-	-	-	-	-	-
(1) Disposal or scrap	-	-	-	-	-	-
4. Balance as at 30 June 2026 (Unaudited)	554,797.31	64,012,501.98	27,593,342.15	72,949.04	315,807.74	92,549,398.22
IV. Carrying amount						
1. Carrying amount as at 30 June 2026 (Unaudited)	18,460,391.29	485,763,913.67	174,806,923.76	967,325.57	2,223,003.93	682,221,558.22
2. Carrying amount as at 31 December 2025 (Audited)	18,759,534.55	507,324,249.65	183,886,175.65	1,068,960.74	2,091,055.22	713,129,975.81

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(X) Fixed assets *(continued)*

2. Particulars of fixed assets pending certificates of property ownership as at 30 June 2026

Type	Carrying amount	Reason for pending certificates of property ownership
天成印象	1,562,085.00	In process
Total	1,562,085.00	

(XI) Construction in progress

Type	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Construction in progress	40,273,962.40	39,589,486.61
Engineering materials	136,554.85	80,885.31
Less: Provision for impairment	1,035,000.00	1,035,000.00
Total	39,375,517.25	38,635,371.92

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XI) Construction in progress *(continued)*

1. Information of construction in progress

(1) Basic information of construction in progress

Item	Balance as at 30 June 2026 (Unaudited)			Balance as at 31 December 2025 (Audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Gas station improvement and others	29,034,611.52	1,035,000.00	27,999,611.52	27,864,375.71	1,035,000.00	26,829,375.71
Pipeline reconstruction	11,239,350.88	-	11,239,350.88	11,725,110.90	-	11,725,110.90
Total	40,273,962.40	1,035,000.00	39,238,962.40	39,589,486.61	1,035,000.00	38,554,486.61

2. Engineering materials

Item	Balance as at 30 June 2026 (Unaudited)			Balance as at 31 December 2025 (Audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Ji Ning Engineering materials	136,554.85	-	136,554.85	80,885.31	-	80,885.31
Total	136,554.85	-	136,554.85	80,885.31	-	80,885.31

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XII) Right of use assets

Item	Buildings	Total
I. Original carrying amount		
1. Balance as at 31 December 2025		
(Audited)	3,394,770.54	3,394,770.54
2. Increase during the period	1,146,275.53	1,146,275.53
(1) New leases	1,146,275.53	1,146,275.53
3. Decrease during the period	1,672,581.50	1,672,581.50
(1) Disposal	1,672,581.50	1,672,581.50
4. Balance as at 30 June 2026		
(Unaudited)	2,868,464.57	2,868,464.57
II. Accumulated depreciation		
1. Balance as at 31 December 2025		
(Audited)	2,836,341.93	2,836,341.93
2. Increase during the period	589,234.64	589,234.64
(1) Provision	589,234.64	589,234.64
3. Decrease during the period	1,672,581.50	1,672,581.50
(1) Disposal	1,672,581.50	1,672,581.50
4. Balance as at 30 June 2026		
(Unaudited)	1,752,995.07	1,752,995.07
III. Impairment provision		
1. Balance as at 31 December 2025		
(Audited)	—	—
2. Increase during the period	—	—
(1) Provision	—	—
3. Decrease during the period	—	—
(1) Disposal	—	—
4. Balance as at 30 June 2026		
(Unaudited)	—	—
IV. Carrying amount		
1. Carrying amount as at 30 June 2026		
(Unaudited)	1,115,469.50	1,115,469.50
2. Carrying amount as at 31 December 2025 (Audited)	558,428.61	558,428.61

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XIII) Intangible assets

Item	Land use rights	Software	Total
I. Original carrying amount			
1. Balance as at 31 December 2025 (Audited)	14,316,891.30	1,886,375.47	16,203,266.77
2. Increase during the period	—	—	—
(1) Purchase	—	—	—
3. Decrease during the period	—	—	—
(1) Disposal	—	—	—
4. Balance as at 30 June 2026 (Unaudited)	14,316,891.30	1,886,375.47	16,203,266.77
II. Accumulated amortisation			
1. Balance as at 31 December 2025 (Audited)	5,210,231.83	1,259,829.82	6,470,061.65
2. Increase during the period	151,327.98	70,981.14	222,309.12
(1) Provision	151,327.98	70,981.14	222,309.12
3. Decrease during the period	—	—	—
(1) Disposal	—	—	—
4. Balance as at 30 June 2026 (Unaudited)	5,361,559.81	1,330,810.96	6,692,370.77
III. Impairment provision			
1. Balance as at 31 December 2025 (Audited)	—	—	—
2. Increase during the period	—	—	—
(1) Provision	—	—	—
3. Decrease during the period	—	—	—
(1) Disposal	—	—	—
4. Balance as at 30 June 2026 (Unaudited)	—	—	—
IV. Carrying amount			
1. Carrying amount as at 30 June 2026 (Unaudited)	8,955,331.49	555,564.51	9,510,896.00
2. Carrying amount as at 31 December 2025 (Audited)	9,106,659.47	626,545.65	9,733,205.12

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XIV) Deferred tax assets

1. *Deferred tax assets and deferred tax liabilities not presented at net amount after offsetting*

Item	Balance as at 30 June 2026 (Unaudited)		Balance as at 31 December 2025 (Audited)	
	Deferred tax assets/ liabilities	Deductible/taxable temporary differences	Deferred tax assets/ liabilities	Deductible/taxable temporary differences
I. Deferred tax assets:				
Provision for bad debts	4,414,118.20	17,656,472.80	4,078,769.67	16,315,078.67
Deferred income	24,835,762.80	99,343,051.21	25,543,057.13	102,172,228.51
Deductible losses	38,613,456.80	154,453,827.20	41,246,530.50	164,986,122.00
Lease liabilities	78,441.85	313,767.38	768.26	3,073.04
Sub-total	67,941,779.65	271,767,118.59	70,869,125.56	283,476,502.22

2. *Breakdown of unrecognised deferred income tax assets*

Item	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Deductible temporary differences	120,320,091.02	120,320,091.02
Deductible losses	120,173,848.29	120,097,057.72
Total	240,493,939.31	240,417,148.74

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XIV) Deferred tax assets *(continued)*

3. *Deductible losses for which no deferred tax asset is recognised will expire in the following years*

Year	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)	Note
2027	4,279,810.55	4,279,810.55	
2028	25,069,956.00	25,069,956.00	
2029	42,906,582.75	42,906,582.75	
2030	47,836,137.41	47,836,137.41	
2031	76,790.57	–	
Total	120,169,277.28	120,092,486.71	

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XV) Other non-current assets

Item	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Certificates of deposit	91,822,424.60	61,040,616.44
Prepayments for construction		785,344.01
Expenditure on indoor gas equipment renovation	51,881,636.44	55,494,474.58
Total	143,704,061.04	117,320,435.03

Note: The certificates of deposit are 3-year time deposits with a fixed interest rate of 1.75% to 2.9% per annum, which can be withdrawn before maturity, and early withdrawal of the certificates bears interest at the demand deposit rate.

(XVI) Trade payables

1. Classified by ageing

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

Ageing	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Within 1 year (inclusive)	127,871,593.13	194,273,938.17
Over 1 year	61,628,270.89	75,534,400.06
Total	189,499,864.02	269,808,338.23

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XVII) Contract liabilities

1. *Classified by nature of payment*

Item	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Advances for piped gas	171,381,638.96	208,673,969.64
Advances for gas pipeline connection	40,771,220.27	33,524,650.65
Advances for gas appliances	1,166,222.89	1,166,222.89
Others	37,642.20	37,642.20
Total	213,356,724.32	243,402,485.38

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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. Presentation of employee benefits payable

Item	Balance as at 31 December 2025 (Audited)	Increase during the period	Decrease during the period	Balance as at 30 June 2026 (Unaudited)
I. Short-term remuneration	16,315,635.27	25,445,571.81	32,866,797.23	8,894,409.85
II. Post-employment benefits – defined contribution plans	–	3,474,124.73	3,474,124.73	–
III. Termination benefits	–	72,000.00	72,000.00	–
IV. Other benefits due within one year	–	–	–	–
V. Others	–	–	–	–
Total	16,315,635.27	28,991,696.54	36,412,921.96	8,894,409.85

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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. Presentation of short-term employee benefits

Item	Balance as at 31 December 2025 (Audited)	Increase during the period	Decrease during the period	Balance as at 30 June 2026 (Unaudited)
I. Salaries, bonuses, allowances and subsidies	12,806,231.72	19,688,375.80	26,691,238.04	5,803,369.48
II. Employee welfare expenses	3,001,223.35	156,005.94	156,005.94	3,001,223.35
III. Social insurance contributions	2,178.82	2,742,470.84	2,744,649.66	-
Including: Medical and maternity insurance	2,178.82	2,531,215.93	2,533,394.75	-
Work-related injury insurance	-	111,435.72	111,435.72	-
Others	-	99,819.19	99,819.19	-
IV. Housing fund	-	2,477,479.00	2,477,479.00	-
V. Union fund and employee education fund	506,001.38	381,240.23	797,424.59	89,817.02
VI. Short-term paid absences	-	-	-	-
VII. Short-term profit-sharing plans	-	-	-	-
VIII. Other short-term remuneration	-	-	-	-
Total	16,315,635.27	25,445,571.81	32,866,797.23	8,894,409.85

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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. Presentation of defined contribution plans

Item	Balance as at 31 December 2025 (Audited)	Increase during the period	Decrease during the period	Balance as at 30 June 2026 (Unaudited)
I. Basic pension insurance	–	3,368,844.16	3,368,844.16	–
II. Unemployment insurance	–	105,280.57	105,280.57	–
III. Enterprise annuity contributions	–	–	–	–
Total	–	3,474,124.73	3,474,124.73	–

(XIX) Taxes payable

Tax category	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Value-added tax	7,338,197.72	12,649,921.06
Others	443,480.85	439,849.99
Total	7,781,678.57	13,089,771.05

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Interest payable	—	—
Dividends payable	10,974,939.71	10,974,939.71
Other payables	14,596,561.12	11,736,395.44
Total	25,571,500.83	22,711,335.15

1. Other payables

(1) Classified by nature of payment

Item	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Amounts due to related parties	8,869,865.34	6,417,730.37
Accruals	3,263,167.69	2,934,210.26
Others	2,463,528.09	2,384,454.81
Total	14,596,561.12	11,736,395.44

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Lease liabilities due within one year	856,205.13	561,501.65
Total	856,205.13	561,501.65

(XXII) Other current liabilities

Item	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Output tax to be transferred	16,820,329.16	21,906,223.88
Total	16,820,329.16	21,906,223.88

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Lease payments	1,774,782.10	575,948.14
Less: Unrecognised finance costs	40,099.08	14,446.49
Reclassified to non-current liabilities due within one year	856,205.13	561,501.65
Net lease liabilities	878,477.89	—

(XXIV) Deferred income

Item	Balance as at 31 December 2025 (Audited)	Increase during the period	Decrease during the period	Balance as at 30 June 2026 (Unaudited)
Government grants	102,172,228.51	—	2,829,177.30	99,343,051.21
Total	102,172,228.51	—	2,829,177.30	99,343,051.21

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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)*

Particulars of government grant projects

Item	Category	Balance as at 31 December 2025 (Audited)	New grants during the period	Amount included in profit or loss for the period	Amount returned during the period	Other changes	Balance as at 30 June 2026 (Unaudited)
Hepan Xingcheng medium-pressure external network	Related to assets	2,171,949.66	-	90,499.50	-	-	2,081,450.16
Fuli Tayuan supporting facilities	Related to assets	1,297,792.71	-	234,443.22	-	-	1,063,349.49
Pipeline reconstruction	Related to assets	72,282,824.71	-	2,203,156.26	-	-	70,079,668.45
Poyang South Road Ruisi Road medium- pressure pipeline network	Related to assets	1,637,158.10	-	49,521.30	-	-	1,587,636.80
Indoor hidden-danger rectification project	Related to assets	8,507,436.66	-	-	-	-	8,507,436.66
Gas pipeline renovation project	Related to assets	5,421,866.67	-	251,557.02	-	-	5,170,309.65
Gas riser/facilities upgrading project	Related to assets	5,653,200.00	-	-	-	-	5,653,200.00
Indoor riser renovation project for old residential communities	Related to assets	5,200,000.00	-	-	-	-	5,200,000.00
Total		102,172,228.51	-	2,829,177.30	-	-	99,343,051.21

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 investor	Balance as at 31 December 2025 (Audited)		Increase during the period	Decrease during the period	Balance as at 30 June 2026 (Unaudited)	
	Amount of investment	Percentage (%)			Amount of investment	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

(XXVI) Capital reserve

Item	Balance as at 31 December 2025 (Audited)	Increase during the period	Decrease during the period	Balance as at 30 June 2026 (Unaudited)
I. Capital (or share) premium	788,701,906.45	–	–	788,701,906.45
II. Other capital reserve	1,630,445.73	155,504.58	–	1,785,950.31
Total	790,332,352.18	155,504.58	–	790,487,856.76

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2025 (Audited)	Increase during the period	Decrease during the period	Balance as at 30 June 2026 (Unaudited)	Note
Safety production funds	96.21	4,580,765.62	4,580,861.83	–	
Total	96.21	4,580,765.62	4,580,861.83	–	

(XXVIII) Surplus reserve

Item	Balance as at 31 December 2025 (Audited)	Increase during the period	Decrease during the period	Balance as at 30 June 2026 (Unaudited)
Statutory surplus reserve	11,036,279.69	–	–	11,036,279.69
Reserve fund	78,160,828.95	–	–	78,160,828.95
Enterprise development 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 2026

(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 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Balance at the end of last year	237,538,499.07	281,802,899.37
Opening adjustments	—	—
Balance at the beginning of the period	237,538,499.07	281,802,899.37
Increase for the current period	2,491,233.52	-44,264,400.30
Including: Transfer from net profit for the period	2,491,233.52	-44,264,400.30
Other adjusting factors	—	—
Decrease during the period	—	—
Including: Surplus reserve appropriated during the period	—	—
General risk reserve appropriated during the period	—	—
Cash dividends distributed during the period	—	—
Transfer to capital	—	—
Other decreases	—	—
Balance at the end of the period	240,029,732.59	237,538,499.07

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)		Amount incurred for the six months ended 30 June 2025 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	991,065,434.58	977,726,708.99	824,200,063.02	846,735,210.07
Others	3,591,743.12	2,897,735.62	132.74	–
Total	994,657,177.70	980,624,444.61	824,200,195.76	846,735,210.07

1. Revenue is stated as follows:

Item	Amount incurred for the six months ended 30 June 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Revenue from contracts with customers	991,046,627.24	824,189,194.84
Rentals	3,610,550.46	11,000.92
Total	994,657,177.70	824,200,195.76

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)		Amount incurred for the six months ended 30 June 2025 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue recognised at a point in time	975,903,337.05	967,713,428.27	815,063,353.89	844,633,714.98
Sales of piped gas	974,885,024.52	967,228,047.73	815,063,221.15	844,633,714.98
Sales of gas appliances and others	1,018,312.53	485,380.54	132.74	–
Revenue recognised over time	15,143,290.19	12,911,016.34	9,125,840.95	2,101,495.09
Gas connection income	13,772,472.76	12,911,016.34	7,755,023.52	2,101,495.09
Gas transportation	–	–	–	–
Entrusted management and operation and maintenance service income	1,370,817.43	–	1,370,817.43	–
Total	991,046,627.24	980,624,444.61	824,189,194.84	846,735,210.07

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 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Sales of piped gas	102,645,948.65	129,516,024.26
Gas connection income	6,818,326.45	4,085,484.97
Sales of gas appliances and others	1,301,252.84	–
Total	110,765,527.94	133,601,509.23

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026, the transaction price allocated to the remaining performance obligation was RMB213,354,052.39 (31 December 2025: RMB243,402,485.38) 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 2026

(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 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Property tax	140,948.16	189,047.38
Land use tax	188,224.55	186,971.75
Urban maintenance and construction tax	22,668.93	8,211.00
Education surcharge	9,715.26	3,519.01
Local education surcharge	6,476.84	2,346.00
Others	445,591.69	244,789.51
Total	813,625.43	634,884.65

(XXXII) Administrative expenses

Item	Amount incurred for the six months ended 30 June 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Employee benefits	9,778,244.11	7,935,480.32
Depreciation and amortisation	1,207,192.57	1,517,114.56
Agency fees	2,937,957.12	1,956,747.81
Others	-122,009.16	131,482.39
Total	13,801,384.64	11,540,825.08

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Interest expenses	–	30,947.50
Less: Interest income	4,915,328.22	6,670,110.55
Exchange losses	–	–
Less: Exchange gains	–	–
Handling fee	89,034.20	133,394.59
Other expenses	26,905.84	–
Total	-4,799,388.18	-6,505,768.46

(XXXIV) Other income

Item	Type	Amount incurred for the six months ended 30 June 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Deferred income	Related to assets	2,829,177.30	2,817,075.78
Tax refund subsidies	Related to income	–	13,520.92
Others	Related to income	12,781.32	–
Total		2,841,958.62	2,830,596.70

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Profit from long-term equity investments under the equity method	-293,118.52	-2,578,906.29
Total	-293,118.52	-2,578,906.29

(XXXVI) Credit impairment losses

Item	Amount incurred for the six months ended 30 June 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Losses on bad debts	-1,341,394.13	-295,011.43
Total	-1,341,394.13	-295,011.43

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount included in non-recurring profit or loss for the period
Disposal of non-current assets	–	107,342.35	–
Others	4,695.39	23,358.42	4,695.39
Total	4,695.39	130,700.77	4,695.39

(XXXVIII) Non-operating expenses

Item	Amount incurred for the six months ended 30 June 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Amount included in non-recurring profit or loss for the period
Losses on damage and scrap of non-current assets	10,673.13	-23,132.34	10,673.13
Overdue fines and penalties	–	5,342.96	–
Others	–	–	–
Total	10,673.13	-17,789.38	10,673.13

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Current income tax expense	–	–
Deferred income tax expense	2,927,345.91	551,643.52
Others	–	–
Total	2,927,345.91	551,643.52

2. Reconciliation between accounting profit and income tax expenses

Item	Amount for the current period (Unaudited)
Total profit	5,418,579.43
Income tax expense calculated at applicable tax rate(s)	1,354,644.86
Effect of non-taxable income	-73,279.63
Effect of non-deductible costs, expenses and losses	-739,961.88
Effect of deductible losses for which no deferred tax asset was recognised in prior periods	–
Effect of deductible temporary differences or deductible losses for which no deferred tax asset is recognised in the period	2,385,942.56
Income tax expense	2,927,345.91

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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

Item	For the six months ended 30 June 2026 RMB/Share (Unaudited)	For the six months ended 30 June 2025 RMB/Share (Unaudited)
Basic (loss)/earnings per share		
– continuing operations	0.001	-0.016
Diluted (loss)/earnings per share		
– continuing operations	0.001	-0.016

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 2026 RMB/Share (Unaudited)	For the six months ended 30 June 2025 RMB/Share (Unaudited)
(Loss)/earning		
1. Net profit/(loss) for the period attributable to ordinary shareholders of the Company	2,491,233.52	-28,640,568.75
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 2026

(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 cash flow statement

Item	Amount incurred for the six months ended 30 June 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,491,233.52	-28,651,429.97
Add: Impairment loss on assets	—	—
Credit impairment losses	1,341,394.13	295,011.43
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	34,080,408.13	33,198,545.25
Depreciation of right of use assets	589,234.64	581,429.46
Amortisation of intangible assets	222,309.12	236,923.92
Amortisation of long-term prepaid expenses	9,031,807.01	3,546,246.08
Losses on disposal of fixed assets, intangible assets and other long-term assets ("—" for gains)	—	—
Losses on scrap of fixed assets ("—" for gains)	10,673.13	-130,474.69
Decrease in deferred income ("—" for gains)	2,829,177.30	2,817,075.78
Losses from changes in fair value ("—" for gains)	—	—
Finance costs ("—" for gains)	-4,799,375.75	-33.54
Investment losses ("—" for gains)	293,118.52	2,578,906.29
Decrease in deferred tax assets ("—" for increase)	2,927,345.91	551,643.52

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 cash flow statement *(continued)*

Item	Amount incurred for the six months ended 30 June 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Increase of deferred tax liabilities " - " for decrease)	-	-
Decrease in inventories (" - " for increase)	-422,452.76	506,915.32
Decrease in operating receivables (" - " for increase)	44,251,728.35	-62,392,527.30
Increase in operating payables (" - " for decrease)	-129,882,693.15	-164,478,477.58
Others	-96.21	-
Net cash flows from operating activities	-37,036,188.11	-211,340,246.03
2. Major investment and financing activities not involving cash receipts and payments:	-	-
3. Net changes in cash and cash equivalents:	-	-
Cash balance as at 30 June 2026	445,440,050.06	467,065,060.06
Less: Cash balance as at 31 December 2025	519,058,229.61	694,789,660.39
Add: Cash equivalents balance as at 30 June 2026	-	-
Less: Cash equivalents balance as at 31 December 2025	-	-
Net increase in cash and cash equivalents	-73,618,179.55	-227,724,600.33

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(XLII) Leases

1. As the lessee

Item	Amount incurred for the six months ended 30 June 2026 (Unaudited)
Variable lease payments not included in the measurement of lease liabilities included in the cost of related assets or profit or loss for the period	163,148.57
Including: portion arising from sale and leaseback transactions	—
Short-term lease expenses under simplified treatment included in the cost of related assets or profit or loss for the period	163,148.57
Low-value asset lease expenses under simplified treatment included in the cost of related assets or profit or loss for the period (excluding short-term leases of low-value assets)	—
Total cash outflows relating to leases	—

2. As the lessor

(1) Operating lease

Item	Amount incurred for the six months ended 30 June 2025 (Unaudited)	Including: income relating to variable lease payments not included in lease receipts
Property leases	18,807.34	18,807.34
Pipeline network leases	3,591,743.12	—
Total	3,610,550.46	18,807.34

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

VII. INTERESTS IN OTHER ENTITIES

(I) Interests in subsidiaries

1. Composition of the enterprise group

Name of subsidiary	Type of enterprise	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 Guojian	Technology promotion and application services	20.00 million	100%	100%	67146107-8

2. Interests in joint ventures or associates

1. Particulars of material joint ventures and associates

Name of joint venture or associate	Principal place of business	Place of registration	Nature of business	Registered capital (RMB)	Proportion of shareholding (%) Direct/indirect	Accounting method for the investment
天津市濱海燃氣有限公司	Tianjin, the PRC	Tianjin, the PRC	Sales and transportation of natural gas	7.20 million	30.55%	Equity method

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

VII. INTERESTS IN OTHER ENTITIES *(continued)*

(I) Interests in subsidiaries *(continued)*

2. Interests in joint ventures or associates *(continued)*

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

Item	Amount for the current period 天津市濱海燃氣 有限公司	Amount for the prior period 天津市濱海燃氣 有限公司
Current assets	96,196,790.97	136,009,062.93
Non-current assets	197,404,049.73	201,957,436.68
Total assets	293,600,840.70	337,966,499.61
Current liabilities	85,465,331.30	125,810,783.65
Non-current liabilities	45,860,789.70	49,430,226.54
Total liabilities	85,465,331.30	175,241,010.19
Net assets	162,274,719.70	162,725,489.42
Share of net assets calculated based on shareholding	49,574,926.87	49,712,637.02
Adjustments	—	—
Carrying amount of equity investments in associates	53,169,746.25	53,307,456.40
Fair value of equity investments with quoted prices	—	—
Revenue	132,378,288.38	107,344,585.08
Net profit	-959,471.42	-8,441,591.78
Other comprehensive income	—	—
Total comprehensive income	-959,471.42	-8,441,591.78
Dividends received from associates during the period	—	—

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	445,440,050.06	—	445,440,050.06
Trade receivables	259,173,416.90	—	259,173,416.90
Receivables under financing	—	89,411,933.61	89,411,933.61
Other receivables	2,814,289.89	—	2,814,289.89
Total	707,427,756.85	89,411,933.61	796,839,690.46

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 at amortised cost	Total
Trade payables	189,499,864.02	189,499,864.02
Other payables	25,571,500.83	25,571,500.83
Total	215,071,364.85	215,071,364.85

31 December 2025 (Audited)

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
Cash and bank balances	519,058,229.61	-	519,058,229.61
Trade receivables	326,999,001.18	-	326,999,001.18
Receivables under financing	-	72,665,784.65	72,665,784.65
Other receivables	820,000.61	-	820,000.61
Total	846,877,231.40	72,665,784.70	919,543,016.10

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 at amortised cost	Total
Trade payables	269,808,338.23	269,808,338.23
Other payables	22,711,335.15	22,711,335.15
Total	292,519,673.38	292,519,673.38

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 2026

(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 2026, the Group had certain concentrations of credit risk as 46% (31 December 2025: 62%) and 81% (31 December 2025: 86%) 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 2026

(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 the debtor;
- ② A breach of contract by the debtor, such as a default or overdue in interest or principal payments;
- ③ The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, grants the debtor a concession that the creditor would not otherwise consider;
- ④ It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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)

- ⑤ The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the 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 2026 and 31 December 2025, 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) Trade 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 2026, the Group's assessment methods and major assumptions have not changed.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 and 31 December 2025 were as follows:

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Gearing ratio	29.54%	33.99%

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

IX. FAIR VALUE

(I) Hierarchy of fair value measurement

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 2026 (Unaudited)		
	Level 1	Level 2	Level 3
Receivables under financing	–	89,411,933.61	–

Item	31 December 2025 (Audited)		
	Level 1	Level 2	Level 3
Receivables under financing	–	72,665,784.65	–

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

X. COMMITMENTS

Item	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Signed but not capital committed	14,682,823.58	14,723,202.07

XI. POST BALANCE SHEET EVENTS

Nil.

XII. OTHER SIGNIFICANT EVENTS

(I) Segment reporting

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 30 June 2026, the Group's operating revenue (generated revenue reaching or exceeding 10% of the Group's revenue) amounted to RMB501,536,085.78 (for the six months ended 30 June 2025: RMB325,468,408.81), 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 2026

(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:

Item	For the six months ended 30 June 2026 (Unaudited)	For the six months ended 30 June 2025 (Unaudited)
Remuneration	75,000.00	125,000.00
Other emoluments:	—	—
Salaries, allowances and non-cash benefits	620,724.24	611,909.62
Performance related bonuses	45,529.00	237,522.00
Pension scheme contributions	109,177.92	129,571.20
Total	850,431.16	1,104,002.82

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 2026 (Unaudited)	For the six months ended 30 June 2025 (Unaudited)
Yu Jian Jun	25,000.00	25,000.00
Ji Xuefeng	25,000.00	25,000.00
Bai Mo	—	—
Total	50,000.00	50,000.00

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 30 June 2026 (Unaudited)

Person	Remuneration	Salaries, allowances and non-cash benefits	Performance related bonuses	Pension scheme contributions	Total remuneration
<i>Executive Directors:</i>					
Wang Yang (Note 1)	–	–	–	–	–
Tang Jie	25,000.00	–	–	–	25,000.00
Sun Liangchuan	–	144,574.23	13,352.00	24,595.20	182,521.43
Sub-total	25,000.00	144,574.23	13,352.00	24,595.20	207,521.43
<i>Employee Director:</i>					
Yan Ying (Note 5)	–	–	–	–	–
	–	119,875.65	10,681.00	19,960.32	150,516.97
Sub-total	–	119,875.65	10,681.00	19,960.32	150,516.97
<i>Non-executive Directors:</i>					
Yang Zufeng (Note 5)	–	–	–	–	–
Sha Caiping (Note 2)	–	–	–	–	–
Hao Yunhe (Notes 3 and 6)	–	–	–	–	–
Zhang Jinghan (Note 4)	–	–	–	–	–
Sub-total	–	–	–	–	–
Other senior managers	–	356,274.36	21,496.00	64,622.40	442,392.76
Total	25,000.00	620,724.24	45,529.00	109,177.92	800,431.16

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 30 June 2026 (Unaudited) *(continued)*

- Note 1: Mr. Wang Cong ceased to serve as an executive Director of the Group on 11 February 2026. On 11 February 2026, Mr. Wang Yang was appointed as an executive Director of the Group to fill the vacancy.
- Note 2: Ms. Sha Caiping has waived her remuneration since 27 June 2024; she ceased to serve as a non-executive Director with effect from 11 February 2026.
- Note 3: Mr. Xu Peng ceased to serve as a Supervisor of the Group on 14 March 2025. On 14 March 2025, Ms. Hao Yunhe was appointed as a Supervisor of the Group to fill the vacancy; Ms. Hao Yunhe has waived her remuneration since 14 March 2025. Ms. Hao Yunhe was appointed as a non-executive Director of the Group on 11 February 2026.
- Note 4: Mr. Zhang Jinghan has waived his remuneration since 1 August 2022.
- Note 5: Mr. Yang Zufeng has waived his remuneration since 27 June 2024 and ceased to serve as a non-executive Director of the Group on 31 December 2025; on 31 December 2025, Ms. Yan Ying was appointed as an employee Director of the Group.
- Note 6: With effect from 29 September 2025, the supervisory committee and the positions of supervisors were cancelled. Ms. Hao Yunhe ceased to be a shareholder representative supervisor; Mr. Liu Zhi Yuan and Mr. Bian Hong ceased to be independent supervisors; Ms. You Hui Yan and Ms. Zhang Tingting ceased to be employee representative supervisors.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(I) Parent of the Company

Name of parent company	Place of registration	Nature of business	Registered capital (RMB)	Proportion of shareholding of the parent in the Company (%)	Proportion of voting rights of the parent in the Company (%)
津燃華潤燃氣有限公司	Tianjin, the PRC	Operation of gas; construction works; installation and repair of gas-fired appliances, etc.	5 billion	70.5454%	70.5454%

(II) Subsidiaries of the Company

The subsidiaries of the Company are detailed in Note “VII. Interests in other entities”.

(III) Joint ventures and associates of the Company

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 2026

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

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

(IV) Other related parties of the Company

Name of other related party	Relationship between other related party and the Company
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 2026

(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 purchase and sale of goods and rendering and receiving of services

(1) Purchase of goods/receiving of services

Name of related party	Details of related party transaction	Amounts for the six months ended 30 June 2026 (Unaudited)	Amounts for the six months ended 30 June 2025 (Unaudited)
津燃華潤燃氣有限公司	Purchase of natural gas	892,230,355.87	752,025,606.78
津燃華潤燃氣有限公司	Maintenance fee	100,917.43	–
天津市液化氣工程有限公司	Engineering construction services	414,483.09	116,523.85
天津市聯益燃氣配套工程有限責任公司	Engineering construction services	98,871.56	–
天津市眾元天然氣工程有限公司	Engineering construction services	5,810,287.93	9,053,708.88
天津市眾元天然氣工程有限公司	Equipment	544,043.73	–
天津華潤萬家生活超市有限公司	Welfare expenses	–	32,960.60
China Resources Vanguard	Welfare expenses	–	743.90
天津市允孚燃氣科貿有限公司	Engineering materials	1,739.81	274,568.68
天津市允孚燃氣科貿有限公司	Equipment	544,043.73	–
天津市裕民燃氣表具有限公司	Equipment	–	711,649.34
天津市裕民燃氣表具有限公司	Engineering construction services	1,633,907.96	–
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	Water and electricity charges	7,397.43	23,240.89
天津市津燃置業投資有限公司	Property management fee	29,712.81	371,213.00
天津市津能工程管理有限公司	Engineering construction services	–	60,645.49
天津能源投資集團科技有限公司	Security system fee	87,238.44	3,773.58
天津市燃氣熱力規劃設計研究院有限公司	Design fee	–	70,251.80
Total		901,502,999.79	762,825,428.79

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

(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 purchase and sale of goods and rendering and receiving of services *(continued)*

(2) Sale of goods/rendering of services

Name of related party	Details of related party transaction	Amounts for the six months ended 30 June 2026 (Unaudited)	Amounts for the six months ended 30 June 2025 (Unaudited)
津燃華潤燃氣有限公司	Leasing of pipeline network services	3,591,743.12	–
天津市眾元天然氣工程有限公司	Leasing services	–	11,000.92
天津濱燃管網建設有限公司	Sales of goods	325,554,542.63	126,134,233.44
天津市熱力有限公司	Sales of goods	–	371,083.05
Total		329,146,285.75	126,516,317.41

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(V) Related party transactions *(continued)*

2. Related party leases

Name of lessor	Name of lessee	Assets leased	Rent (Unaudited)	Start date	End date	Basis for determining rental income	
						Rental income (Unaudited)	rental income
天津市津燃置業投資有限公司	Tianjin Jinran Public Utilities Company Limited	Properties	299,708.57	2026-1-1	2027-12-31	–	Lease contracts
天津市津燃置業投資有限公司	Tianjin Jinran Public Utilities Company Limited	Properties	287,974.29	2024-1-1	2026-12-31	–	Lease contracts
天津市津燃置業投資有限公司	Tianjin Jinran Public Utilities Company Limited	Properties	116,571.43	2026-1-1	2026-12-31	–	Lease contracts
天津市津燃置業投資有限公司	Tianjin Jinran Public Utilities Company Limited	Properties	46,577.14	2026-4-1	2027-3-31	–	Lease contracts
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	Properties	–	2025-7-9	2028-7-8	18,807.34	Lease contracts
Tianjin Jinran Public Utilities Company Limited	津燃華潤燃氣有限公司	Pipeline network	–	2025-12-25	2028-12-24	3,591,743.12	Lease contracts

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(VI) Receivables from and payables to related parties

1. Receivables

Item	Related parties	Balance as at 30 June 2026 (Unaudited)		Balance as at 31 December 2025 (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	125,027,425.62	–	212,455,084.27	–
Trade receivables	天津濱海中油燃氣有限責任公司	177,940.69	8,821.25	178,631.76	–
Trade receivables	津燃華潤燃氣有限公司	4,121,705.99	82,682.40	206,705.99	–
Prepayments	天津市津燃置業投資有限公司	–	–	23,288.57	–
Other receivables	津燃華潤燃氣有限公司	536,737.13	–	535,025.23	–
Other receivables	天津市液化氣有限責任公司	122,400.00	–	–	–
Total		135,136,938.00	91,503.65	218,549,464.39	–

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(VI) Receivables from and payables to related parties *(continued)*

2. Payables

Item	Related parties	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Trade payables	津燃華潤燃氣有限公司	79,391,428.54	151,171,888.70
Trade payables	天津市聯益燃氣配套工程 有限責任公司	10,335,954.88	11,869,396.86
Trade payables	天津市液化氣工程有限公 司	6,851,265.23	6,586,266.08
Trade payables	天津能源投資集團科技有 限公司	68,370.05	122,589.62
Trade payables	天津市燃氣熱力規劃設計 研究院有限公司	4,947,776.68	4,526,598.56
Trade payables	天津市裕民燃氣表具有限 公司	156,996.47	3,599,276.95
Trade payables	天津市允孚燃氣科貿有限 公司	3,192,127.15	3,702,727.13
Trade payables	天津市眾元天然氣工程有 限公司	40,145,018.37	37,557,987.95
Trade payables	天津市罡世燃氣科工貿發 展有限公司	6,897,408.00	6,632,246.20
Trade payables	華潤燃氣(鄭州)市政設計 研究院有限公司	137,659.50	137,659.50
Trade payables	天津市津能工程管理有限 公司	169,682.22	-
Other payables	天津市允孚燃氣科貿有限 公司	108,558.38	70,816.68
Other payables	天津市聯益燃氣配套工程 有限責任公司	23,070.56	23,070.56
Other payables	天津市眾元天然氣工程有 限公司	315,284.71	168,725.56
Other payables	天津市液化氣工程有限公 司	171,321.72	48,921.72
Other payables	天津能源投資集團科技有 限公司	0.01	0.01
Other payables	天津市津燃置業投資有限 公司	832,431.44	692,571.44
Other payables	天津市裕民燃氣表具有限 公司	1,179,986.80	1,179,986.80
Total		154,924,340.71	53,813,990.50

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(VII) Related party contract assets and contract liabilities

1. Contract liabilities

	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Related parties		
天津市熱力有限公司	982,453.40	1,568,673.47
天津市液化氣工程有限公司	294.36	1,876.54
天津華潤萬家生活超市有限公司	60,594.29	90,450.09
天津濱海中油燃氣有限責任公司	18,006.91	111,378.40
天津市津能投資有限公司	7,878.31	9,067.12
天津泰華燃氣有限公司	804,461.15	804,461.15
天津市眾元天然氣工程有限公司	277,367.86	–
Total	2,151,056.28	2,585,906.77

(VIII) Remuneration of key management personnel

Item	For the six months ended 30 June 2026 (Unaudited)	For the six months ended 30 June 2025 (Unaudited)
Remuneration of key management personnel	775,431.16	979,002.82

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

XIV. NOTES TO MAJOR ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

(I) Cash and bank balances

Item	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Cash on hand	–	–
Bank deposits	445,407,316.00	518,948,704.98
Other cash and bank balances	–	–
Total	445,407,316.00	518,948,704.98

(II) Trade receivables

1. Disclosure of trade receivables by ageing

The credit terms of accounts receivables are generally 90-180 days and accounts receivables are non-interest bearing.

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

Ageing	Balance as at 30 June 2026 (Unaudited)		Balance as at 31 December 2025 (Audited)	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
0 to 6 months	247,586,256.80	–	322,100,692.69	–
6 months to 1 year	9,606,195.84	480,309.79	5,861.40	293.07
1 to 2 years	5,861.40	586.14	6,652,957.88	2,071,405.39
2 to 3 years	5,077,007.78	2,854,546.00	422,774.30	112,171.63
Over 3 years	12,065,626.59	11,832,089.58	11,642,852.29	11,642,267.29
Total	274,340,948.41	15,167,531.51	340,825,138.56	13,826,137.38

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(II) Trade receivables *(continued)*

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

Type	Balance as at 30 June 2026 (Unaudited)				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Expected credit loss	Carrying amount
				rate/accruing percentage (%)	
Trade receivables for which provision for bad debts is made on an individual basis	13,975,328.80	5.09	13,975,328.80	100.00	–
Trade receivables for which provision for bad debts is made by credit risk characteristic group	260,365,619.61	94.91	1,192,202.71	0.46	259,173,416.90
Including: ageing group	260,365,619.61	94.91	1,192,202.71	0.46	259,173,416.90
Other groups	–	–	–	–	–
Total	274,340,948.41	100.00	15,167,531.51	–	259,173,416.90

Type	Balance as at 31 December 2025 (Audited)				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Expected credit loss	Carrying amount
				rate/accruing percentage (%)	
Trade receivables for which provision for bad debts is made on an individual basis	13,238,742.25	3.88	13,238,742.25	100.00	–
Trade receivables for which provision for bad debts is made by credit risk characteristic group	327,586,396.31	96.12	587,395.13	0.18	326,999,001.18
Including: ageing group	327,586,396.31	96.12	587,395.13	0.18	326,999,001.18
Other groups	–	–	–	–	–
Total	340,825,138.56	100.00	13,826,137.38	–	326,999,001.18

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(II) Trade receivables *(continued)*

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

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

(1) Ageing group

Ageing	Balance as at 30 June 2026 (Unaudited)			Balance as at 31 December 2025 (Audited)		
	Gross carrying amount		Provision for bad debts	Gross carrying amount		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
0 to 6 months	247,586,256.80	95.09	–	322,100,692.69	98.33	–
6 months to 1 year	9,606,195.84	3.69	480,309.79	5,861.40	0.01	293.07
1 to 2 years	5,861.40	0.00	586.14	5,090,613.88	1.55	509,061.39
2 to 3 years	2,778,077.23	1.07	555,615.45	388,253.34	0.10	77,650.67
Over 3 years	389,228.34	0.15	155,691.33	975.00	0.01	390.00
Total	260,365,619.61	100.00	1,192,202.71	327,586,396.31	100.00	587,395.13

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(III) Other receivables

Item	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	7,965,018.46	5,970,729.18
Total	7,965,018.46	5,970,729.18

1. Other receivables

(1) Other receivables disclosed by ageing

Ageing	Balance as at 30 June 2026 (Unaudited)		Balance as at 31 December 2025 (Audited)	
	Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Within 1 year (inclusive)	2,692,785.80	—	1,093,669.83	—
1 to 2 years	400,230.05	—	446,799.71	—
2 to 3 years	441,742.97	—	1,505,580.71	—
Over 3 years	6,919,200.93	2,488,941.29	5,413,620.22	2,488,941.29
Total	10,453,959.75	2,488,941.29	8,459,670.47	2,488,941.29

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(III) Other receivables

1. Other receivables *(continued)*

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

Type	Balance as at 30 June 2026 (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	24.00	2,488,941.29	100.00	-
Other receivables for which provision for bad debts is made by credit risk characteristic group	7,965,018.46	76.00	-	-	7,965,018.46
Total	10,453,959.75	100.00	2,488,941.29	-	7,965,018.46

Type	Balance as at 31 December 2025 (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	29.00	2,488,941.29	100.00	-
Other receivables for which provision for bad debts is made by credit risk characteristic group	5,970,729.18	71.00	-	-	5,970,729.18
Total	8,459,670.47	100.00	2,488,941.29	-	5,970,729.18

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

XIV. NOTES TO MAJOR 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 2025 (Audited)	Increase during the period	Decrease during the period	Balance as at 30 June 2026 (Unaudited)
Investments in subsidiaries	20,000,000.00	—	—	20,000,000.00
Investments in associates	53,307,456.40	155,408.37	293,118.52	53,169,746.25
Sub-total	73,307,456.40	155,408.37	293,118.52	73,169,746.25
Less: Provision for impairment of long-term equity investments	20,000,000.00	—	—	20,000,000.00
Total	53,307,456.40	155,408.37	293,118.52	53,169,746.25

2. Breakdown of long-term equity investments

Investee	Investment cost	Balance as at 31 December 2025 (Audited)	Movements during the period							Balance as at 30 June 2026 (Unaudited)	Provision for impairment as at 30 June 2026 (Unaudited)
			Additional investment	Decrease in investment	Investment profit or loss recognised under the equity method	Adjustment of other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	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	53,307,456.40	53,307,456.40	—	—	293,118.52	—	155,408.37	—	—	53,169,746.25	—
Total	73,307,456.40	73,307,456.40	—	—	293,118.52	—	155,408.37	—	—	73,169,746.25	20,000,000.00

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

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

3. Key financial information of material associates

Item	Amount for the current period 天津市濱海燃 氣有限公司	Amount for the prior period 天津市濱海燃 氣有限公司
Current assets	96,196,790.97	136,009,062.93
Non-current assets	197,404,049.73	201,957,436.68
total assets	293,600,840.70	337,966,499.61
Current liabilities	85,465,331.30	125,810,783.65
Non-current liabilities	45,860,789.70	49,430,226.54
Total liabilities	85,465,331.30	175,241,010.19
Net assets	162,274,719.70	162,725,489.42
Share of net assets calculated based on shareholding	49,574,926.87	49,712,637.02
Adjustments	—	—
Carrying amount of equity investments in associates	53,169,746.25	53,307,456.40
Fair value of equity investments with quoted prices	—	—
Revenue	132,378,288.38	107,344,585.08
Net profit	-959,471.42	-8,441,591.78
Other comprehensive income	—	—
Total comprehensive income	-959,471.42	-8,441,591.78
Dividends received from associates during the period	—	—

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(V) Fixed assets

Item	Balance as at 30 June 2026 (Unaudited)	Balance as at 31 December 2025 (Audited)
Fixed assets	682,221,558.22	713,129,975.81
Disposal of fixed assets	4,441.88	4,441.88
Total	682,226,000.10	713,134,417.69

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

XIV. NOTES TO MAJOR 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	Total
I. Original carrying amount						
1. Balance as at 31 December 2025 (Audited)	29,518,772.16	1,336,460,885.40	336,001,705.46	5,358,636.75	11,080,325.23	1,718,420,325.00
2. Increase during the period	-	191,879.06	2,483,814.14	-	257,740.42	2,933,433.62
(1) Purchase	-	42,723.85	2,408,984.10	-	257,740.42	2,709,448.37
(2) Transferred from construction in progress	-	149,155.21	74,830.04	-	-	223,985.25
3. Decrease during the period	-	-	-	133,280.00	-	133,280.00
(1) Disposal or scrap	-	-	-	133,280.00	-	133,280.00
4. Balance as at 30 June 2026 (Unaudited)	29,518,772.16	1,336,652,764.46	338,485,519.60	5,225,356.75	11,338,065.65	1,721,220,478.62
II. Accumulated depreciation						
1. Balance as at 31 December 2025 (Audited)	10,204,440.30	765,124,133.77	124,522,187.66	4,233,573.98	8,676,386.06	912,760,721.77
2. Increase during the period	299,143.26	21,752,215.04	11,563,066.03	88,307.17	125,791.71	33,828,523.21
(1) Provision	299,143.26	21,752,215.04	11,563,066.03	88,307.17	125,791.71	33,828,523.21
3. Decrease during the period	-	-	-	119,952.00	-	119,952.00
(1) Disposal or scrap	-	-	-	119,952.00	-	119,952.00
(2) Others	-	-	-	-	-	-
4. Balance as at 30 June 2026 (Unaudited)	10,503,583.56	786,876,348.81	136,085,253.69	4,201,929.15	8,802,177.77	946,469,292.98
III. Impairment provision						
1. Balance as at 31 December 2025 (Audited)	554,797.31	64,012,501.98	27,593,342.15	56,102.03	312,883.95	92,529,627.42
2. Increase during the period	-	-	-	-	-	-
(1) Provision	-	-	-	-	-	-
3. Decrease during the period	-	-	-	-	-	-
(1) Disposal or scrap	-	-	-	-	-	-
4. Balance as at 30 June 2026 (Unaudited)	554,797.31	64,012,501.98	27,593,342.15	56,102.03	312,883.95	92,529,627.42
IV. Carrying amount						
1. Carrying amount as at 30 June 2026 (Unaudited)	18,460,391.29	485,763,913.67	174,806,923.76	967,325.57	2,223,003.93	682,221,558.22
2. Carrying amount as at 31 December 2025 (Audited)	18,759,534.55	507,324,249.65	183,886,175.65	1,068,960.74	2,091,055.22	713,129,975.81

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

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

(V) Fixed assets *(continued)*

2. Properties for which property ownership certificates had not been obtained as at 30 June 2026

Type	Carrying amount	Reason for pending certificates of property ownership
天成印象	1,562,085.00	In process of application
Total	1,562,085.00	

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

XIV. NOTES TO MAJOR 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 2026 (Unaudited)		Amount incurred for the six months ended 30 June 2025 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	991,065,434.58	977,726,708.99	824,200,063.02	846,735,210.07
Others	3,591,743.12	2,897,735.62	132.74	–
Total	994,657,177.70	980,624,444.61	824,200,195.76	846,735,210.07

1. Revenue is stated as follows:

Item	Amount incurred for the six months ended 30 June 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Revenue from contracts with customers	991,046,627.24	824,189,194.84
Rentals	3,610,550.46	11,000.92
Total	994,657,177.70	824,200,195.76

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

XIV. NOTES TO MAJOR 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 2026 (Unaudited)		Amount incurred for the six months ended 30 June 2025 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Revenue recognised at a point in time	975,903,337.05	967,713,428.27	815,063,353.89	844,633,714.98
Sales of piped gas	974,885,024.52	967,228,047.73	815,063,221.15	844,633,714.98
Sales of gas appliances and others	1,018,312.53	485,380.54	132.74	–
Revenue recognised over time	15,143,290.19	12,911,016.34	9,125,840.95	2,101,495.09
Gas connection income	13,772,472.76	12,911,016.34	7,755,023.52	2,101,495.09
Gas transportation	–	–	–	–
Entrusted management and operation and maintenance service income	1,370,817.43	–	1,370,817.43	–
Total	991,046,627.24	980,624,444.61	824,189,194.84	846,735,210.07

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

XIV. NOTES TO MAJOR 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 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Sales of piped gas	102,645,948.65	129,516,024.26
Gas connection income	6,818,326.45	4,085,484.97
Sales of gas appliances and others	1,301,252.84	—
Total	110,765,527.94	133,601,509.23

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2026

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

XIV. NOTES TO MAJOR 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 2026, the transaction price allocated to the remaining performance obligation was RMB213,354,052.39 (31 December 2025: RMB243,402,485.38) 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 2026

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

XIV. NOTES TO MAJOR 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 2026 (Unaudited)	Amount incurred for the six months ended 30 June 2025 (Unaudited)
Profit from long-term equity investments under the equity method	-293,118.52	-2,578,906.29
Total	-293,118.52	-2,578,906.29

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

FINANCIAL REVIEW

For the Reporting Period, the Group recorded revenue of approximately RMB994.7 million (2025-1H: RMB824.2 million), representing an increase of approximately 21% from 2025-1H.

The profit before tax for the Reporting Period was approximately RMB5.4 million (2025-1H: loss before tax from continuing operation of approximately RMB28.1 million, and a profit attributable to shareholders of the parent of approximately RMB2.5 million (2025-1H: loss of RMB28.6 million)).

The change in financial performance for the Reporting Period was mainly attributable to (among other things):

1. The increase in gas consumption demand from major users has driven a corresponding rise in sales volume;
2. The Company has implemented lean management initiatives, which have effectively reduced operating costs and expenses.

Segmental Information Analysis

The Group provides piped gas connections to the users in the Group's operational locations in Tianjin City and Jining, Inner Mongolia. Sales of piped gas is the Group's major source of income 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 2026, total equity attributable to shareholders of the Company was approximately RMB1,342.7 million (31 December 2025: RMB1,340.1 million); and the Company's registered capital was RMB183,930,780 (with 1,839,307,800 issued ordinary shares with a nominal value of RMB0.1 each (the "Shares"), 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 2026, the Group did not have any bank borrowings (31 December 2025: Nil). As of 30 June 2026, the Company's consolidated net current assets was approximately RMB434.8 million (31 December 2025: RMB427.3 million), including cash and cash equivalent of approximately RMB445.4 million (31 December 2025: RMB519.1 million) which was principally denominated in Renminbi.

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

The Group's gearing ratio (total liabilities to total asset ratio) as at 30 June 2026 was approximately 0.30 (31 December 2025: approximately 0.34).

Significant Investments

The Group did not hold any significant investments for the Reporting Period (2025-1H: Nil).

Material Acquisition and Disposal, and Future Plans for Material Investments or Capital Assets

During the Reporting Period, the Group did not make material acquisition or disposal of subsidiaries, associates and joint ventures. The Group had no specific future plan for material investments or capital assets that have been approved by the Board as of 30 June 2026 and the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Charges on the Group's Assets

As of 30 June 2026, none of the Group's assets was pledged as security for liability.

Contingent Liabilities

As of 30 June 2026, the Group had no material contingent liabilities or guarantees (31 December 2025: 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, the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Company's articles of association.

Staff and Emolument Policy

As of 30 June 2026, the Group had a workforce of 278 full-time employees (30 June 2025: 542). Total staff costs for the Reporting Period was approximately RMB27.7 million (2025-1H: RMB44.8 million). The significant reduction in the Group's workforce during the Reporting Period was due to, on one hand, the Group has carried out a systematic reorganisation of its human resources to reduce costs, improve efficiency and optimise staffing levels; on the other hand, the Group has been advancing its digital transformation by implementing various information technology systems and intelligent tools, enhancing the efficiency of resource allocation and promoting intensive use of labour.

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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.

Staff employed by the Group would become member of the state-managed defined contribution plan operated by the PRC government. The Group is required to contribute a certain percentage of their payroll to the defined contribution plan to fund the contributions. The only obligation of the Group with respect to the defined contribution plan is to make the required contributions under the plan. During the Reporting Period, there were no forfeited contributions under the defined contribution plan which may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 to the Listing Rules.

Dividend

No dividends were declared or proposed during the Reporting Period. The Board does not recommend a distribution of dividend for the Reporting Period (2025-1H: Nil).

PROSPECTS

The global energy landscape is undergoing profound adjustments, and opportunities for the development of clean energy have become increasingly prominent. During the “15th Five-Year Plan” period, the energy industry is accelerating its transition towards green, low carbon, digital, intelligent, and sustainable models. Natural gas’ positioning as a clean energy source has been strengthened, the construction of a national natural gas network has been pushed forward, and regulatory systems such as carbon tax and ESG evaluation improves. Tianjin is committed to a green and low-carbon development path, deeply advancing the energy revolution while comprehensively enhancing energy security and the quality of its energy transition.

Opportunities for the development of the natural gas industry continue to be released, with the quality and efficiency of development steadily improving. Domestic apparent consumption of natural gas has grown steadily, and demand in fields such as industry, city gas, and power generation continues to be released, further highlighting its strategic value as a low-carbon energy source. At the same time, the industry is accelerating its transition towards carbon reduction, efficiency enhancement, and intelligent upgrading. The application of technological innovations, such as green hydrogen production and smart monitoring, is gaining momentum, indicating a positive overall development trend.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

The Company strives to be regionally leading and industry-first-class integrated high quality gas enterprise. Closely following industry trends and policy guidance, it remains steadfast in political responsibility for ensuring gas supply, deepening integrity, compliance, and lean operations. The Company is advancing the reform of state owned enterprises and strengthening its foundation through talent development, while carrying out value-based management and capital operations to build a solid foundation for high-quality development.

Based on its core business advantages, the Company keeps exploring new dimensions and cultivating new growth momentum. In terms of market expansion, it is targeting the industrial and commercial markets and promoting the merger and integration of city gas projects to achieve growth in both the quantity and quality of our customer base as well as gas sales volume. Regarding business layout, it is accelerating the implementation of integrated energy projects and nurturing new low-carbon business models. For service upgrades, it is building an omni channel service network to enhance user experience and brand influence. In terms of technological innovation, it is deepening its digital and intelligent transformation, breaking down data barriers, and exploring the application of smart gas technologies.

Looking ahead, the Company will firmly grasp the national energy transition and the regional development of Tianjin situation. Guided by Party building, grounded in compliant operations, oriented towards green development, and centered on innovation-driven growth, the Company aims to consolidate its advantages in the core gas business, accelerate its transformation into a modern integrated gas enterprise and a new energy and social construction service provider in Tianjin. The Company will provide safe energy, fulfill its social responsibility as a state-owned enterprise, and enhance operational efficiency and capital market value, endeavour to create stable returns for shareholders, and contribute to the sustainable development of the Beijing-Tianjin-Hebei region with the strength of a state-owned enterprise.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

OTHER INFORMATION

Significant Events During or After the Reporting Period

Change of composition of the Board and its committees

The following changes in the composition of the Board and its committees have taken effect on 11 February 2026:

- (1) Mr. Wang Yang's appointment as an executive Director, the Chairman of the Board and the chairperson of the nomination committee of the Company;
- (2) Ms. Hao Yunhe's appointment as a non-executive Director, a member of the audit committee of the Company;
- (3) Mr. Wang Cong's resignation as an executive Director. He also ceased to be the Chairman of the Board and chairperson of the nomination committee of the Company;
- (4) Ms. Sha Caiping's resignation as a non-executive Director. She also ceased to be a member of the remuneration committee of the Company;
- (5) Ms. Yan Ying's appointment as a member of the remuneration committee of the Company; and
- (6) Ms. Ji Xuefeng's cessation as a member of the audit committee of the Company.

Mr. Wang Yang and Ms. Hao Yunhe obtained the legal advice from a firm of solicitors under Rule 3.09D of the Listing Rules. They have confirmed his/her understanding as to the obligations as a Director on 11 February 2026. More information is set out in the Company's circular dated 22 January 2026 and the Company's announcement dated 11 February 2026.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Continuing connected transaction – Renewal and replacement of arrangement of gas supply to a connected person

On 9 July 2026, the Company entered into the city gas supply contract with Tianjin Binran Pipe Network Construction Co., Ltd for the supply of natural gas from 1 September 2026 (or the date on which such contract becomes effective) (whichever is later) to 31 December 2028. The city gas supply and usage contract dated 10 November 2023 entered into between the Company and Tianjin Binran Pipe Network Construction Co., Ltd with respect to the supply of natural gas by the Company to Tianjin Binran Pipe Network Construction Co., Ltd from 1 January 2024 to 31 December 2026 will be terminated upon commencement of this new city gas supply contract. Such new city gas supply contract constitutes continuing connected transactions of the Company, and has been approved by the Company's shareholders at a general meeting. More information is set out in the Company's circular dated 30 July 2026 and the Company's announcement dated 9 July 2026.

Subsequent event

Save as disclosed in this report, the Company has had no material event since the end of the Reporting Period and up to the date of this report.

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 Listing Rules)) during the Reporting Period. As of 30 June 2026, the Company did not hold any treasury shares.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Securities Transactions by Directors

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 (the “Securities Code”). On specific enquiries made, all Directors have confirmed that they have complied with the required standards set out in the Securities Code during the Reporting Period.

Directors’ and Chief Executives’ Interests in Securities

As at 30 June 2026, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Long position in Domestic Shares

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

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Substantial shareholders and other persons

As at 30 June 2026, so far as was known to the Directors and the chief executives of the Company, the interest of the persons (other than Directors or chief executives of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

(i) *Substantial shareholders*

Long position in domestic shares

Name of shareholder	Capacity	Number of domestic shares interested	Approximate percentage of interests in the Company/ domestic shares
Jinran China Resources Gas Co., Ltd. ("Jinran China Resources")	Beneficial owner	1,297,547,800	70.54%/96.89%
Tianjin Gas Group Company Limited ("Tianjin Gas") <i>(note 1)</i>	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
Tianjin Energy Investment Company Limited ("Tianjin Energy") <i>(note 1)</i>	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Name of shareholder	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") <i>(note 1)</i>	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
中國建設銀行股份有限公司天津市分行 (China Construction Bank Corporation (Tianjin Branch)) ("CCB Tianjin") <i>(note 2)</i>	Other	1,297,547,800	70.54%/96.89%

Notes:

- As of 30 June 2026, 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. Mr. Wang Yang (an executive Director), Mr. Zhang Jinghan (a non-executive Director) and Ms. Hao Yunhe (a non-executive Director) held concurrent non-directorate position at Jinran China Resources as of 30 June 2026.
- So far as the Company is aware of, Tianjin Capital has charged approximately 90.997% equity interest in Tianjin Energy to CCB Tianjin. Therefore CCB Tianjin is taken to be interested in all the domestic shares in which Tianjin Gas is taken to be interested in for the purpose of the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

(ii) Other persons

Long position in H shares

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

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Notes:

Based on the information publicly available to the Company:

1. As of 30 June 2026, 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. Therefore, Mr. Liu Hei Wan is deemed, or taken to be, interested in the H shares held 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 in the purpose of SFO.

Save as disclosed above, as at 30 June 2026, the Directors have not received notification from any person (not being a Director or chief executive of the Company) of his/her/its interests or short positions in the Shares or underlying Shares 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.

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' 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 had a material interest, whether directly or indirectly, subsisted at the end of or during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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 adopt sound corporate governance practices 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, and principles applied by entities in the PRC with background and scale similar to those of the Company. The Company complied with all applicable code provisions set out in Part 2 of the Corporate Governance Code during the Reporting Period.

The Company has established the new position of the board secretary in its corporate structure with effect from 28 August 2026 to further promote its corporate governance and with reference to the regulatory rules in China. Ms. Yan Ying, an employee Director, has taken up the position for the initial term commencing from the same day and up to the expiry of this session of the Board.

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 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDIT COMMITTEE

The audit committee of the Company comprises two independent non-executive Directors (namely Mr. Bai Mo and Mr. Yu Jian Jun), and one non-executive Director (namely Ms. Hao Yunhe). 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

The directors of the Company are:

Executive directors: Wang Yang (Chairman of the Board), Tang Jie, Sun Liangchuan

Non-executive directors: Zhang Jinghan, Hao Yunhe

Independent non-executive directors: Yu Jian Jun, Ji Xuefeng, Bai Mo

Employee director: Yan Ying

The English names of certain entities and persons in this document 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 set out in this documents have been subject to rounding adjustment.

This document contains certain forward-looking statements that reflect the Company's beliefs, plans or expectations about the future. These statements subject to inherent risks and uncertainties. The actual outcomes may differ materially and/or have adverse effects. Nothing contained in these statements is, or shall be relied upon as any assurance, representation or warranty otherwise. Neither the Company nor its directors, senior officer, employees, agents, affiliates, advisers or representatives assume responsibility to update, supplement, correct these statements or adapt them to future events or developments.