



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
2023

The board (the “Board”) of directors (the “Directors”) of Tianjin Jinran Public Utilities Company Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 (“first half of 2023”, or the “Interim Period”) together with unaudited comparative figures for the last corresponding period as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

(Expressed in Renminbi Yuan)

	Note V	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances	1	624,795,284.29	1,067,256,503.97
Bills receivable	2	109,200,905.08	–
Trade receivables	3	253,117,368.29	227,301,208.95
Receivables under financing	4	20,000,000.00	140,278,760.77
Prepayments		11,724,543.14	2,320,840.92
Other receivables	5	2,070,911.06	1,702,869.48
Inventories	6	4,629,080.22	4,277,384.14
Other current assets	7	12,094,903.73	35,858,336.72
Total current assets		1,037,632,995.81	1,478,995,904.95
NON-CURRENT ASSETS			
Long-term equity investments	8	56,795,510.94	54,902,040.73
Fixed assets	9	854,013,079.82	884,824,515.39
Construction in progress	10	23,954,327.54	13,027,994.64
Intangible assets	11	10,920,312.13	11,165,918.69
Long-term deferred expenses	12	1,457,970.56	–
Deferred tax assets	13	67,969,776.48	58,782,769.75
Other non-current assets		–	1,606,467.53
Total non-current assets		1,015,110,977.47	1,024,309,706.73
TOTAL ASSETS		2,052,743,973.28	2,503,305,611.68

The notes on pages 18 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2023

(Expressed in Renminbi Yuan)

	Note V	30 June 2023 (Unaudited)	31 December 2022 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	15	126,882,927.15	434,170,568.15
Contract liabilities	16	229,842,654.59	291,485,174.92
Employee benefits payable	17	4,396,772.66	17,545,053.63
Taxes payable	18	1,113,024.58	43,029,361.59
Other payables		22,213,124.88	39,178,709.80
Other current liabilities		19,238,835.53	–
Total current liabilities		403,687,339.39	825,408,868.09
NON-CURRENT LIABILITIES			
Deferred income	19	89,949,190.18	92,418,010.48
Total non-current liabilities		89,949,190.18	92,418,010.48
Total liabilities		493,636,529.57	917,826,878.57

The notes on pages 18 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2023

(Expressed in Renminbi Yuan)

	Note V	30 June 2023 (Unaudited)	31 December 2022 (Audited)
SHAREHOLDERS' EQUITY			
Share capital	20	183,930,780.00	183,930,780.00
Capital reserve	21	790,332,352.18	790,332,352.18
Specialised reserve	22	56,899.26	550,525.89
Surplus reserve	23	128,277,523.13	128,277,523.13
Retained earnings	24	457,440,461.78	483,304,751.98
Total equity attributable to shareholders of the Parent		1,560,038,016.35	1,586,395,933.18
Non-controlling interests		(930,572.64)	(917,200.07)
Total shareholders' equity		1,559,107,443.71	1,585,478,733.11
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,052,743,973.28	2,503,305,611.68

The notes on pages 18 to 122 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

30 June 2023

(Expressed in Renminbi Yuan)

	Note XIII	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances		624,429,638.66	1,066,861,168.40
Bills receivable		109,200,905.08	–
Trade receivables	1	253,117,368.29	227,301,208.95
Receivables under financing		20,000,000.00	140,278,760.77
Prepayments		11,724,492.89	2,320,790.67
Other receivables	2	6,200,826.63	5,648,524.05
Inventories		4,629,080.22	4,277,384.14
Other current assets		12,072,856.28	35,836,289.27
Total current assets		1,041,375,168.05	1,482,524,126.25
NON-CURRENT ASSETS			
Long-term equity investments	3	56,795,510.94	54,902,040.73
Fixed assets		854,013,079.82	884,824,515.39
Construction in progress		23,954,327.54	13,027,994.64
Intangible assets		10,920,312.13	11,165,918.69
Long-term deferred expenses		1,457,970.56	–
Deferred tax assets		72,969,776.48	63,782,769.75
Other non-current assets		–	1,606,467.53
Total non-current assets		1,020,110,977.47	1,029,309,706.73
TOTAL ASSETS		2,061,486,145.52	2,511,833,832.98

The notes on pages 18 to 122 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2023

(Expressed in Renminbi Yuan)

Note XIII	30 June 2023 (Unaudited)	31 December 2022 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade payables	126,836,927.15	434,026,568.15
Contract liabilities	229,842,654.59	291,485,174.92
Employee benefits payable	4,396,481.20	17,544,762.17
Taxes payable	1,091,217.44	43,007,253.05
Other payables	19,611,756.88	36,577,341.80
Other current liabilities	19,238,835.53	–
Total current liabilities	401,017,872.79	822,641,100.09
NON-CURRENT LIABILITIES		
Deferred income	89,949,190.18	92,418,010.48
Total non-current liabilities	89,949,190.18	92,418,010.48
Total liabilities	490,967,062.97	915,059,110.57
SHAREHOLDERS' EQUITY		
Share capital	183,930,780.00	183,930,780.00
Capital reserve	790,332,352.18	790,332,352.18
Specialised reserve	56,899.26	550,525.89
Surplus reserve	128,277,523.13	128,277,523.13
Retained earnings	467,921,527.98	493,683,541.21
Total shareholders' equity	1,570,519,082.55	1,596,774,722.41
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,061,486,145.52	2,511,833,832.98

The notes on pages 18 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue	25	913,834,027.90	911,796,704.56
Less: Cost of sales	25	953,214,971.97	920,602,818.24
Taxes and surcharges	26	740,286.68	654,822.99
Administrative expenses		12,304,647.17	14,735,498.97
Finance costs	27	(12,640,538.76)	(17,343,975.33)
including: interest income		12,726,937.67	17,486,382.97
Add: Other income	28	2,496,788.29	2,547,246.71
Investment income	29	2,089,038.96	3,963,932.66
including: share of profit of an associate		2,089,038.96	3,963,932.66
Credit impairment losses	30	177,438.41	1,674,163.15
Operating (loss)/profit		(35,022,073.50)	1,332,882.21
Add: Non-operating income		16.71	11.86
Less: Non-operating expenses		42,612.71	210,067.84
Total (loss)/profit		(35,064,669.50)	1,122,826.23
Less: Income tax expense	32	(9,187,006.73)	(596,021.99)
Net (loss)/profit		(25,877,662.77)	1,718,848.22
Classified by continuity of operations			
(Loss)/profit from continuing operations		(25,877,662.77)	1,718,848.22
Classified by ownership			
(Loss)/profit attributable to shareholders of the parent		(25,864,290.20)	1,773,187.28
Loss attributable to non-controlling interests		(13,372.57)	(54,339.06)
Other comprehensive income, net of tax		-	-
Total comprehensive income		(25,877,662.77)	1,718,848.22
Including:			
Total comprehensive income attributable to shareholders of the parent		(25,864,290.20)	1,773,187.28
Total comprehensive income attributable to non-controlling interests		(13,372.57)	(54,339.06)
(Loss)/earnings per share (RMB/Share)			
Basic	33	(0.014)	0.001
Diluted		(0.014)	0.001

The notes on pages 18 to 122 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

	Note XIII	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue	4	913,834,027.90	911,796,704.56
Less: Cost of sales	4	953,214,971.97	920,602,818.24
Taxes and surcharges		739,429.28	654,072.99
Administrative expenses		12,190,189.90	14,279,802.90
Finance costs		(12,640,873.63)	(17,344,002.10)
including: interest income		12,726,618.04	17,485,372.04
Add: Other income		2,496,788.29	2,547,246.71
Investment income	5	2,089,038.96	3,963,932.66
including: share of profit of an associate		2,089,038.96	3,963,932.66
Credit impairment losses		177,438.41	1,674,163.15
Operating (loss)/profit		(34,906,423.96)	1,789,355.05
Add: Non-operating income		16.71	11.86
Less: Non-operating expenses		42,612.71	210,067.84
Total (loss)/profit		(34,949,019.96)	1,579,299.07
Less: Income tax expense		(9,187,006.73)	(596,021.99)
Net (loss)/profit		(25,762,013.23)	2,175,321.06
Including: (loss)/profit from continuing operations		(25,762,013.23)	2,175,321.06
Other comprehensive income, net of tax		-	-
Total comprehensive income		(25,762,013.23)	2,175,321.06

The notes on pages 18 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
1. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		894,975,483.37	862,939,300.40
Cash received relating to other operating activities		29,072,613.99	22,042,032.08
Sub-total of cash inflows from operating activities		924,048,097.36	884,981,332.48
Cash paid for goods and services		1,241,885,605.77	1,082,887,358.16
Cash paid to and on behalf of employees		67,844,265.32	72,242,072.87
Cash paid for all types of taxes		4,404,528.22	12,568,431.42
Cash paid relating to other operating activities		24,910,845.99	13,730,959.21
Sub-total of cash outflows from operating activities		1,339,045,245.30	1,181,428,821.66
Net cash flows used in operating activities	34	(414,997,147.94)	(296,447,489.18)

The notes on pages 18 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

Note V	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
2. Cash flows from investing activities		
Cash received from redemption of investments	100,000,000.00	–
Cash received from income on investments	3,192,000.00	3,337,000.02
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	27,424.80	51,280.36
Sub-total of cash inflows from investing activities	103,219,424.80	3,388,280.38
Cash paid for acquisitions of fixed assets, intangible assets, and other long-term assets	13,082,810.82	18,596,904.29
Cash paid for acquisition of investments	14,531,300.00	–
Sub-total of cash outflows from investing activities	27,614,110.82	18,596,904.29
Net cash flows received/(used) in investing activities	75,605,313.98	(15,208,623.91)

The notes on pages 18 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

	Note V	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
3. Cash flows from financing activities			
Sub-total of cash inflows from financing activities		-	-
Sub-total of cash outflows from financing activities		-	-
Net cash flows from financing activities		-	-
4. Effect of foreign exchange rate changes on cash and cash equivalents		-	-
5. Net decrease in cash and cash equivalents		(339,391,833.96)	(311,656,113.09)
Add: Cash and cash equivalents at beginning of the period		964,053,334.91	936,589,733.94
6. Cash and cash equivalents at end of the period	34	624,661,500.95	624,933,620.85

The notes on pages 18 to 122 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
1. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	894,975,483.37	862,939,300.40
Cash received relating to other operating activities	29,072,613.99	21,265,437.15
Sub-total of cash inflows from operating activities	924,048,097.36	884,204,737.55
Cash paid for goods and services	1,241,885,605.77	1,082,952,116.27
Cash paid to and on behalf of employees	67,844,265.32	72,187,572.87
Cash paid for all types of taxes	4,404,528.22	12,502,923.31
Cash paid relating to other operating activities	24,915,955.47	13,332,137.20
Sub-total of cash outflows from operating activities	1,339,050,354.78	1,180,974,749.65
Net cash flows used in operating activities	(415,002,257.42)	(296,770,012.10)

The notes on pages 18 to 122 form part of these financial statements.

STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
2. Cash flows from investing activities		
Cash received from redemption of investments	100,000,000.00	–
Cash received from income on investments	3,192,000.00	3,337,000.02
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	27,424.80	51,280.36
Sub-total of cash inflows from investing activities	103,219,424.80	3,388,280.38
Cash paid for acquisitions of fixed assets, intangible assets, and other long-term assets	13,082,810.82	18,596,904.29
Cash paid for acquisition of investments	14,531,300.00	–
Sub-total of cash outflows from investing activities	27,614,110.82	18,596,904.29
Net cash flows received/(used) in investing activities	75,605,313.98	(15,208,623.91)

The notes on pages 18 to 122 form part of these financial statements.

STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
3. Cash flows from financing activities		
Sub-total of cash inflows from financing activities	-	-
Sub-total of cash outflows from financing activities	-	-
Net cash flows from financing activities	-	-
4. Effect of foreign exchange rate changes on cash and cash equivalents	-	-
5. Net decrease in cash and cash equivalents	(339,396,943.44)	(311,978,636.01)
Add: Cash and cash equivalents at beginning of the period	963,826,582.10	936,512,536.64
6. Cash and cash equivalents at end of the period	624,429,638.66	624,533,900.63

The notes on pages 18 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2023

	Attributable to shareholders of the Parent					Sub-total	Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Specialised reserve note 1	Surplus reserve	Retained earnings			
I. At beginning of the period (Audited)	183,930,780.00	790,332,352.18	550,525.89	128,277,523.13	483,304,751.98	1,586,395,933.18	(917,200.07)	1,585,478,733.11
II. Movements during the period								
(i) Total comprehensive income	-	-	-	-	(25,864,290.20)	(25,864,290.20)	(13,372.57)	(25,877,662.77)
(ii) Specialised reserve								
1. Appropriation for the period	-	-	4,815,115.69	-	-	4,815,115.69	-	4,815,115.69
2. Utilisation for the period	-	-	(5,308,742.32)	-	-	(5,308,742.32)	-	(5,308,742.32)
III. Closing balance (Unaudited)	183,930,780.00	790,332,352.18	56,899.26	128,277,523.13	457,440,461.78	1,560,038,016.35	(930,572.64)	1,559,107,443.71

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 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 of this period is the difference between the amount provided according to relevant regulations and the amount utilised during the period.

The notes on pages 18 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2022

	Attributable to shareholders of the Parent					Sub-total	Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Specialised reserve	Surplus reserve	Retained earnings			
I. At beginning of the period (Audited)	183,930,780.00	790,332,352.18	298,057.88	128,277,523.13	551,650,003.94	1,654,488,717.13	(830,364.00)	1,653,658,353.13
II. Movements during the period								
(i) Total comprehensive income	-	-	-	-	1,773,187.28	1,773,187.28	(54,339.06)	1,718,848.22
(ii) Specialised reserve								
1. Appropriation for the period	-	-	2,526,472.52	-	-	2,526,472.52	-	2,526,472.52
III. Closing balance (Unaudited)	183,930,780.00	790,332,352.18	2,824,530.40	128,277,523.13	553,423,191.22	1,658,788,376.93	(884,703.06)	1,657,903,673.87

The notes on pages 18 to 122 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2023

	Share capital	Capital reserve	Specialised reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. At beginning of the period (Audited)	183,930,780.00	790,332,352.18	550,525.89	128,277,523.13	493,683,541.21	1,596,774,722.41
II. Movements during the period						
(i) Total comprehensive income	-	-	-	-	(25,762,013.23)	(25,762,013.23)
(ii) Specialised reserve						
1. Appropriation for the period	-	-	4,815,115.69	-	-	4,815,115.69
2. Utilisation for the period	-	-	(5,308,742.32)	-	-	(5,308,742.32)
III. Closing balance (Unaudited)	183,930,780.00	790,332,352.18	56,899.26	128,277,523.13	467,921,527.98	1,570,519,082.55

The notes on pages 18 to 122 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

For the six months ended 30 June 2022

	Share capital	Capital reserve	Specialised reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. At beginning of the period (Audited)	183,930,780.00	790,332,352.18	298,057.88	128,277,523.13	561,388,403.03	1,664,227,116.22
II. Movements during the period						
(i) Total comprehensive income	-	-	-	-	2,175,321.06	2,175,321.06
(ii) Specialised reserve						
1. Appropriation for the period	-	-	2,526,472.52	-	-	2,526,472.52
III. Closing balance (Unaudited)	183,930,780.00	790,332,352.18	2,824,530.40	128,277,523.13	563,563,724.09	1,668,928,909.80

The notes on pages 18 to 122 form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

I. BASIC INFORMATION

Tianjin Jinran Public Utilities Company Limited (the “Company”) is a joint stock limited company registered in Tianjin, the People’s Republic of China (the “PRC”) on 16 December 1998. The Company’s overseas listed foreign shares (“H shares”) were listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s headquarters is located at No. 18 Zhengzhou Road, Heping District, Tianjin, China.

The Company’s parent company is Jinran China Resources Gas Co., Ltd. (津燃華潤燃氣有限公司) (“Jinran China Resources”).

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are operation of gas; installation and repairment of gas-fired appliance; gas vehicle refuelling business; various types of engineering construction activities (for projects subject to approval according to laws or regulations, business activities can only be performed after approval by relevant departments, and specific business projects shall be subject to approval documents or license certificates of relevant departments); technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; exclusive insurance agency business within the scope of the insurance company’s authorisation (operating under the authorisation); sales agent; lease of non-residential real estate; sales of non-electric household appliances; pipeline transportation over land; lease of special equipment (except for the items subject to approval by laws, business activities can be carried out independently with the business licence in accordance with the laws); science and technology intermediary services; information consulting services; and mining investment.

The financial statements were approved and authorised for issue by the board of directors of the Company on 28 August 2023.

The scope of the consolidated financial statements shall be determined on the basis of control. Refer to Note VI for the subsidiaries of the Company.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements have been prepared in accordance with “Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting” issued by the Ministry of Finance, thus they do not include all the information and disclosures in the audited financial statements for the year 2022. The accounting policies adopted in these financial statements are consistent with the accounting policies adopted by the Group in preparing the 2022 annual financial statements. The interim financial statements should be read together with the financial statements of the Group for the year 2022 prepared pursuant to the Accounting Standards for Business Enterprises.

The financial statements have been prepared on a going concern basis.

The financial statements are prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Group made specific accounting policies and accounting estimates based on the characteristics of actual production and operation, including the provision for bad debts of receivables, depreciation of fixed assets, amortisation of intangible assets, recognition and measurement of revenue, recognition of deferred tax assets, fair value measurement and valuation, etc.

1. Statement of compliance with Accounting Standards for Business Enterprises

These financial statements present truly and completely the financial position of the Group and the Company as at 30 June 2023 and the financial performance and cash flows of the Group and the Company for the six months ended 30 June 2023 in accordance with Accounting Standards for Business Enterprises.

2. Accounting period

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

3. Functional currency

The Group’s functional and presentation currency is Renminbi (“RMB”). Unless otherwise stated, the unit of the currency is RMB yuan.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

4. Business combinations

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Assets and liabilities that are obtained by the acquirer in a business combination involving entities under common control (including the goodwill generated by the ultimate holding party in the acquisition of the acquiree) shall be measured at their carrying amounts at the combination date as recorded in the financial statements by the acquiree. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to share premium under capital surplus. If the capital surplus is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

4. Business combinations *(continued)*

Business combinations not involving entities under common control (continued)

Goodwill is initially recognised at cost being the excess of the aggregate fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree over the net identifiable assets acquired at the acquisition date. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. In the event that the sum of the fair value of the consolidation consideration paid (or the fair value of the equity securities issued) and the fair value of the equity interests in the acquiree held before the date of acquisition is less than the share of the fair value of the net identifiable assets of the acquiree acquired in the consolidation, the measurement of the fair value of the various identifiable assets, liabilities and contingent liabilities of the acquiree acquired and the fair value of the consolidation consideration paid (or the fair value of the equity securities issued) and the fair value of the equity interests in the acquiree held before the date of acquisition shall be reviewed. If the sum of this consideration and other items mentioned above is lower than the fair value of the net identifiable assets acquired, the difference is, after reassessment, recognised in profit or loss of the current period.

5. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all of its subsidiaries. A subsidiary is an entity that is controlled by the Company (including enterprise, divided part of the investee and a structured entity that is controlled by the Company).

In the preparation of the consolidated financial statements, when the accounting policies of a subsidiary are different from those of the Company, the Company shall make adjustments to the financial statements of the subsidiary based on its own accounting policies. All intra-group assets, liabilities, equities, revenues, expenses and cash flows resulting from intra-group transactions are eliminated on consolidation in full.

Where the amount of losses of a subsidiary attributable to non-controlling shareholders exceeds the opening balance of owners' equity attributable to non-controlling shareholders of the subsidiary, the excess shall still be allocated against non-controlling interests.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

5. Consolidated financial statements *(continued)*

For subsidiaries acquired through business combinations not involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements, from the date on which the Group obtains control, till the Group ceases to have control on it. While preparing the consolidated financial statements, the acquirer shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognised on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the beginning of the period in which the combination occurs. While preparing the comparative financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity established through combination had been in existence since the ultimate holding party began to exercise control.

The Group shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of elements of control.

6. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term highly liquid investments held by the Group that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

7. Financial instruments *(continued)*

Recognition and derecognition of financial instruments (continued)

The Group derecognises a financial asset (or part of a financial asset, or part of a group of similar financial assets), that is to be written off from the accounts and the statement of financial position when the following criteria are met:

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

If the underlying obligation of a financial liability has been fulfilled, discharged, cancelled, or has expired, the financial liability is derecognised. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulted difference is recognised in profit or loss of the current period.

Regular way purchase or sale of financial assets is recognised and derecognised using trade date accounting. Regular way purchase or sale of financial assets refers to that the financial assets are delivered to or by the Group under the terms of a contract within a period as specified by law or general practice. The trade date is the date that the Group undertakes to buy or sell a financial asset.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

7. Financial instruments *(continued)*

Classification and measurement of financial assets

The Group's financial assets are, on initial recognition, classified into the following categories based on the business model of the Group's financial asset management and the characteristics of the financial assets' contractual cash flows: financial assets measured at amortised cost, financial assets at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. All affected related financial assets will be reclassified only if the Group changes its business model for managing financial assets.

A financial asset is initially recognised at fair value. However, if trade receivables or bills receivable arising from the sale of goods or rendering of services does not include significant financing components or does not consider financing components not exceeding one year, they shall be initially measured at the transaction prices.

For financial assets measured at fair value through profit or loss, the related transaction expense is directly recognised in profit or loss for the current period, transaction costs related to other types of financial assets are included in their initial recognition amount.

Subsequent measurement of a financial asset is determined by its category as follows:

Debt instrument investments measured at amortised cost

Financial assets are classified as financial assets measured at amortised cost if the financial assets meet the following conditions: the Group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets stipulate that cash flows generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. For such financial assets, the effective interest method is used for recognition of interest income. The gains or losses arising from derecognition, modification or impairment are recognised in profit or loss of the current period.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

7. Financial instruments *(continued)*

Classification and measurement of financial assets (continued)

Debt instrument investments measured at fair value through other comprehensive income

The Group measures financial assets at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognised using the effective interest method. The interest income, impairment losses and foreign exchange revaluation are recognised in profit or loss. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets measured at fair value through profit or loss

Except for the financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, other financial assets are classified as financial assets measured at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are recognised in profit or loss for the current period.

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities measured at amortised cost. Transaction costs relating to financial liabilities measured at amortised cost are included in the initial recognition amounts.

Subsequent measurement of a financial liability is determined by its category as follows:

Financial liabilities measured at amortised cost

After initial recognition, such kind of financial liabilities are measured at amortised cost by using the effective interest method.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

7. Financial instruments *(continued)*

Impairment of financial instruments

The Group performs impairment treatment on financial assets measured at amortised cost and debt instrument investments at fair value through other comprehensive income and provides impairment provision on the basis of expected credit losses.

For receivables which do not contain significant financing components, the Group uses a simplified measurement method to provide impairment provision based on the amount of expected credit losses equivalent to the entire duration of life.

In addition to the mentioned financial assets other than the simplified measurement method, the Group assesses whether the credit risk of financial assets has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, as at stage 1, the loss allowance is measured at an amount equal to 12-month expected credit losses, and the interest income is measured by carrying amount and the effective interest rate; if the credit risk has already increased significantly since initial recognition but not credit-impaired, as at stage 2, the loss allowance is measured at an amount equal to lifetime expected credit losses, and the interest income is measured by carrying amount and the effective interest rate; if the financial assets are credit-impaired after initial recognition, as at stage 3, the loss allowance is measured at an amount equal to lifetime expected credit losses, and the interest income is measured by amortised cost and the effective interest rate. The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the balance sheet date.

The Group assesses the expected credit losses of financial instruments based on an individual and a collective basis. The Group considers credit risk characteristics of different customers, and assesses the expected credit losses of receivables financial instruments based on an ageing collective basis.

Refer to Note VII.2 for the details of the Group's judging criteria of significant increase of credit risk, the definition of the financial assets that are credit-impaired.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

7. Financial instruments *(continued)*

Impairment of financial instruments (continued)

The factors reflected in the Group's method of measuring expected credit losses of financial instruments include: unbiased probability-weighted average amount determined by evaluating a series of possible outcomes, time value of money, and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that are available at the balance sheet date without unnecessary additional cost or effort.

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group writes down the carrying amount of the financial assets directly.

Offsetting of financial instruments

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

Transfer of financial assets

The financial asset is derecognised if the Group transfers substantially all the risks and rewards of ownership of the financial asset to transferee; and the financial asset is not derecognised if the Group retains substantially all the risks and rewards of ownership of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the transaction is accounted for as follows: (i) if the Group has not retained control, the financial asset is derecognised and any resulting assets or liabilities are recognised; or (ii) if the Group has retained control, the financial asset is recognised to the extent of its continuing involvement in the transferred financial asset and an associated liability is recognised.

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

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

8. Inventories

Inventories include natural gas, gas meters and other inventories.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined by using the first-in first-out method. Low value consumables are amortised by using the immediate write-off method.

The Group adopts a perpetual inventory system.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories is recognised in profit or loss. Net realisable value is the estimated selling price in the ordinary course of business deducted by the estimated costs to completion, the estimated selling expenses and the related taxes. Provision is considered on an individual basis for all inventories.

Costs to fulfil a contract classified as current assets are presented in inventories.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

9. Long-term equity investments

Long-term equity investments include investments in subsidiaries and associates.

A long-term equity investment is recorded at its initial investment cost on acquisition. For a long-term equity investment acquired through a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the acquirer's share of the carrying amount of acquiree's equity at the combination date in the consolidated financial statements of the ultimate holding party; the difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination shall be adjusted to share premium under capital surplus (if the capital surplus is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings). The other comprehensive income before the combination date is accounted for in the disposal of such investment under the same accounting basis applied by the acquiree in direct disposal of relevant assets and liabilities. The shareholders' equity recognised due to acquiree's movements other than net profits or losses, other comprehensive income and distribution of profits is recognised in profit or loss of the current period during disposal. If the investment remains to be classified as long-term equity investment after disposal, the equity is carried forward on a pro rata basis. If the investment is reclassified as financial instruments after disposal, the equity is carried forward entirely. For a long-term equity investment through a business combination not involving entities under common control, the initial investment cost of the long-term equity investment is the cost of combination (for a business combination not involving entities under common control achieved in stages that involves multiple exchange transactions, the initial investment cost is carried at the aggregate of the carrying amount of the acquirer's previously held equity interest in the acquiree and the new investment cost incurred on the acquisition date). 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. Other comprehensive income recognised using the equity method that consists of the initial investment cost before the date of acquisition should be accounted for in the disposal of such investment under the same accounting basis applied by the acquiree in direct disposal of relevant assets and liabilities. The shareholders' equity recognised due to acquiree's movements other than net profits, other comprehensive income, and distribution of profits is recognised in profit or loss of the current period during disposal. If the investment remains to be classified as long-term equity investment after disposal, the equity is carried forward on a pro rata basis. If the investment is reclassified as financial instruments after disposal, the equity is carried forward entirely. For a long-term equity investment acquired other than through a business combination, the initial investment cost is determined as follows: for a long-term equity investment acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

9. Long-term equity investments *(continued)*

For a long-term equity investment where the Company can exercise control over the investee, the long-term investment is accounted for using the cost method in the Company's financial statements. Control is the power over an investee. An investor must have exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.

Under the cost method, the long-term equity investment is measured at its initial investment cost. The cost of long-term equity investment is adjusted if capital is contributed or withdrawn. The cash dividend or profit distribution declared by the investee is recognised as investment income for the period.

The equity method is adopted when the Group exercises significant influence on the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control with other parties over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss of the current period, and the cost of the long-term equity investment is adjusted accordingly.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

9. Long-term equity investments *(continued)*

Under the equity method, the Group recognises its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits and losses based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates, attributable to the investing entity according to its share ratio (but impairment losses for assets arising from internal transactions shall be recognised in full), except for the disposal of assets that consist of operations. The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of net losses of the investee is recognised to the extent the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has the obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in shareholders' equity of the investee (other than net profits or losses, other comprehensive income, and profit distribution) and includes the corresponding adjustments in the shareholders' equity of the Group.

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognised in profit or loss of the current period; for a long-term equity investment ceased to be accounted for using the equity method on disposal, the other comprehensive income relevant to the equity method is processed under the same accounting basis applied by the acquiree in direct disposal of relevant assets or liabilities. Changes in shareholders' equity of the investee (other than net profits or losses, other comprehensive income, and profit distribution) should be recognised as profit or loss of the current period; for a long-term equity investment remains to be accounted for using the equity method, the other comprehensive income originally accounted for using the equity method is processed under the same accounting basis applied by the acquiree in direct disposal of relevant assets and liabilities, and is transferred to profit or loss of the current period according to the proportion disposed of. Any changes in the shareholders' equity of the investee (other than net profits or losses, other comprehensive income, and profit distribution) included in the shareholders' equity of the Group is transferred to profit or loss of the current period on a pro-rata basis according to the proportion disposed of.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

10. Fixed assets

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow into the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditure shall be recognised in profit or loss for the period in which it is incurred.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for intended use.

Depreciation is calculated using the straight-line method. The estimated useful lives, estimated residual value rates and annual depreciation rates of each category of fixed assets are presented as follows:

	Useful life	Estimated residual value rate	Annual depreciation rate
Buildings	40 years	10%	2.25%
Pipelines	25-30 years	5-10%	3-3.8%
Machinery	10-25 years	10%	3.6-9%
Vehicles	5 years	10%	18%
Electronics, furniture and fixtures	5 years	10%	18%
Mining structures	6 years	–	16.67%

The Group reviews the useful life, estimated net residual value of a fixed asset, and the depreciation method applied at least at each financial year-end, and makes adjustments if necessary.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

11. Construction in progress

The cost of construction in progress is determined according to the actual expenditure incurred for the construction, including all necessary construction expenditure incurred during the construction period and other relevant expenses.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

12. Right-of-use assets

At the commencement date of the lease, the Group recognises its right to use the leased assets over the lease term as a right-of-use asset, initially measured at cost. The cost of the right-of-use asset comprises: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease less any lease incentives received; any initial direct cost incurred by the lessee; and an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. If the Group remeasures lease liabilities due to changes in lease payments, the carrying amount of the right-of-use asset is adjusted accordingly. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the lease asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the lease asset or the end of the lease term.

13. Intangible assets

An intangible asset shall be recognised only when it is probable that the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. However, intangible assets acquired in a business combination not involving entities under common control with a fair value that can be measured reliably are recognised separately as intangible assets and measured at fair value.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

13. Intangible assets *(continued)*

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. 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 Group.

The useful lives of the intangible assets are as follows:

	Useful life
Land use rights	40-70 years
Software	10 years
Mineral rights	6 years

Land use rights that are purchased by the Group are accounted for as intangible assets.

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and the amortisation method at least at each financial year-end and makes adjustments if necessary.

14. Impairment of assets

The impairment of assets, other than the impairment of inventories, deferred income taxes and financial assets determined by using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs test for impairment. Goodwill arising from a business combination, an intangible asset with an indefinite useful life and intangible assets that have not been ready for intended use are tested for impairment at least at each year-end, irrespective of whether there is any indication that the asset may be impaired.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

14. Impairment of assets *(continued)*

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction in carrying amount is treated as impairment loss and recognised in profit or loss of the current period. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of impairment testing, the carrying amount of goodwill arising from a business combination is allocated from the acquisition date on a reasonable basis, to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related sets of asset groups. Each of the related asset groups or sets of asset groups is an asset group or set of asset group that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset group to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group firstly tests the asset group or set of asset groups excluding goodwill for impairment, measures the recoverable amount with the carrying amount and recognises impairment loss. After that, the Group tests the asset group or set of asset groups including goodwill for impairment and compares its carrying amount and the recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss shall firstly charge against the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then charge against the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, on a pro rata basis of the carrying amount of each asset.

Once the above impairment loss is recognised, it cannot be reversed in the subsequent accounting periods.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

15. Employee benefits

Employee benefits are all forms of remuneration or compensation, except for share-based payments, given by the Group in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits the Group provided to employees' spouses, children, dependents, and families of deceased employees also belong to employee benefits.

Short-term benefits

The actual short-term benefits incurred during the accounting period in which employees provide services are recognised as liabilities in the costs of the relevant assets or profit or loss of the current period.

Post-employment benefits (Defined contribution plan)

The employees of the Group participate in pension insurance and unemployment insurance which are managed by the local government, and the relevant expenditure is recognised, when incurred, in the costs of the relevant assets or profit or loss of the current period.

Termination benefits

The Group recognises a liability and expenses for termination benefits at the earlier of the following dates: when the Group can no longer unilaterally withdraw the offer of those benefits due to dissolution of labour relationship plan or layoff proposal; and when the Group recognises costs for a restructuring and involves the payment of termination costs.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

16. Lease liabilities

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. Lease payments include fixed payments and in-substance fixed payments less lease incentives, variable lease payments that depend on indices or ratios, expected payments based on guaranteed residual value, and the exercise price of a purchase option or payment for the exercise of a termination lease option, provided that the Group is reasonably certain that the option will be exercised or that the lease term reflects that the Group will exercise the termination lease option.

In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognises such interest expenses in profit or loss, except those in the costs of the related asset as required. Variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss as incurred, except those in the costs of the related asset as required.

After the commencement date of the lease period, the Group increases the carrying amount of lease liabilities when recognizing interest, and decreases the carrying amount of lease liabilities when paying lease payments. When the actual fixed payment amount changes, the expected amount of the guarantee residual value changes, or the index or ratio used to determine the lease payment amount changes, the purchase option, the renewal option or the termination option is evaluated. When the results or actual exercise rights change, the Group re-measures the lease liability based on the present value of the changed lease payments.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

17. Provisions

Except for contingent consideration transferred and contingent liability assumed in business combinations not involving entities under common control, the Group recognises an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed on each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

18. Revenue from contracts with customers

The Group recognises revenue when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Taking control of the relevant goods or services means being able to dominate the use of the goods or the provision of the services and obtain almost all of the economic benefits from them.

Revenue from sales of goods contracts

The Group's contracts with customers for the sale of goods generally include one performance obligation for the transfer of goods such as natural gas, gas meters and gas cookers. 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

18. Revenue from contracts with customers *(continued)*

Revenue from gas connection contracts

The Group's contracts with customers for the construction contracts generally include performance obligation in gas connection contracts. As services generated during the Group's performance have irreplaceable utilisation, and the Group is entitled to collect amounts of cumulative performance part which have been done up to now, the Group considers such revenue as performance obligations fulfilled during a period of time and recognises the revenue based on the progress of the performance, except for the progress of the performance that cannot be reasonably determined. The Group uses the input method and determines the progress of performance of the services provided on the basis of costs incurred. For the progress of the performance that cannot be reasonably determined, when the performance of the Group is expected to be compensated, the revenue is recognised based on the amount of costs incurred until the progress of performance can be reasonably determined.

19. Contract assets and contract liabilities

The Group presents contract assets or contract liabilities in the statement of financial position based on the relationship between the completion of performance obligations and customer payments. The Group offsets contract assets and contract liabilities of same contract and presents in net amount.

Contract assets

A contract asset is the right to consideration in exchange for goods or services that the Group has transferred to a customer, and that right is conditioned on something other than the passage of time.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration or an amount of consideration is due from the customer, such as an amount of consideration that an entity has received before the transfer of the promised goods or services.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

20. Government grants

Government grant is recognised when the Group can comply with the conditions attached to it and it can be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount.

Pursuant to government documents, if the government grant is a compensation for constructing or forming long-term assets, the government grant is recognised as government grants related to assets. When government documents are not stated clearly, the fundamental conditions attached to the grant should be the criterion for judgements. If the fundamental conditions attached to the grant are for constructing or forming long-term assets, the government grant is recognised as government grants related to assets. Otherwise, the government grant is recognised as government grant related to income.

A government grant related to income is accounted as follows: (a) 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; (b) if the grant is a compensation for related costs, expenses or losses already incurred, it is recognised immediately in profit or loss or offset the related costs of the current period.

A government grant related to an asset shall offset the book value of related assets, or be recognised 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 recognised 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

21. Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is not recognized for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss), and the initial recognition of the assets and liabilities does not result in taxable temporary differences and deductible temporary differences in equal amounts. Deferred tax is also not recognized for temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reductions are reversed to the extent that it becomes probable that sufficient taxable profits will be available.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

21. Income tax *(continued)*

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and assets;
- they relate to income taxes levied by the same tax authority on either:
 - the same taxable entity; or
 - different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

22. Leases

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

In the case of the lessee

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets and lease liabilities for leases, please refer to Note III.12 and Note III.16.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

22. Leases *(continued)*

Short-term leases

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases. The Group recognises lease payments on short-term leases in the costs of the related asset or profit or loss on a straight-line basis over the lease term.

In the case of the lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

In the case of the lessor of an operating lease

Rent income under an operating lease is recognised on a straight-line basis over the lease term, through profit or loss. Variable lease payments that are not included in the measurement of lease receivables are charged to profit or loss as incurred. The initial direct costs are capitalized and amortized on the same basis as rental income recognition during the lease term, and included in the current profit and loss in installments.

23. Distribution of profit

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

24. Safety production funds

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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

25. 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 Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation on each balance sheet date.

26. Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that will affect the reported amounts and disclosure of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

26. Significant accounting judgements and estimates *(continued)*

Judgements (continued)

Measurement of progress towards completion of performance obligation in gas connection contracts

The Group adopts the input method to determine the progress towards completion of performance obligation in gas connection contracts. Specifically, the progress of completion is measured with reference to the accumulated actual construction costs incurred as a percentage of the total estimated construction costs, and the accumulated actual construction costs incurred till the end of the reporting period contain direct costs and related indirect costs. The Group considers that contract price of a gas connection contract with a customer is determined with reference to the costs, and the progress towards completion of performance obligation can be reasonably reflected by reference to the actual construction costs incurred as a percentage of the total estimated construction costs. Since the duration of construction contracts usually falls into different accounting periods, the Group reviews and revises the estimates in the budget for the construction costs prepared by each contract along with the contract progresses, and the revenue will be adjusted accordingly.

The contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. When it is necessary to judge whether the contractual cash flow is only the payment of the principal and the interest based on the outstanding principal, the correction of the time value of the currency is included. In the assessment, it is necessary to judge whether there is a significant difference compared with the benchmark cash flow.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

26. Significant accounting judgements and estimates *(continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgements and estimations, and all reasonable and evidenced information, including forward-looking information, should be considered. In making such judgements and estimations, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks. The different estimates may impact the impairment assessment, and the provision for impairment may also not be representative of the actual impairment loss in the future.

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

26. Significant accounting judgements and estimates *(continued)*

Estimation uncertainty (continued)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses 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 tax assets that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies.

27. Changes in significant accounting policies and accounting estimates

Description of and reasons for changes in accounting policies

In 2023, the Group has adopted the revised accounting requirements and guidance under China Accounting Standards (“CAS”) newly issued by the Ministry of Finance (“MOF”).

- (a) CAS No.25 - Insurance Contracts (Caikuai [2020] No.20) (“the new insurance standard”) and related implementation guidance

The new insurance standard replaces CAS No.25 – Direct Insurance Contracts and CAS No.26 - Reinsurance Contracts issued in 2006, as well as the Provisions on the Relevant Accounting Treatment for Insurance Contracts (Cai Kuai [2009] No. 15) issued in 2009.

There are no insurance related transactions in the Group. The adoption of new standards above does not have significant effects on the financial position and operating result of the Group.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

27. Changes in significant accounting policies and accounting estimates *(continued)*

Description of and reasons for changes in accounting policies (continued)

- (b) “Accounting rules of the deferred tax related to assets and liabilities arising from a single transaction which is not applicable to the initial recognition exemption” in CAS Bulletin No.16 (Caikuai [2022] No.31) (“Bulletin No.16”)

In accordance with Bulletin No.16, the Group is not applicable to the exemption from initial recognition of deferred tax liabilities and deferred tax assets in CAS No. 18 - Income Taxes to a single transaction that is not a business combinations, that affects neither accounting profit nor taxable profit (or deductible loss) at the time of occurrence of the transaction, and that has equal amounts of taxable temporary difference and deductible temporary difference resulted from the initial recognition of an asset and a liability. There are not such single transactions in the Group, and therefore this new accounting policy does not have an impact on the Group.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

IV. TAXES

1. Major categories of taxes and respective tax rates

Value-added tax (VAT)	The Group's revenue from sales of piped gas, gas connection and gas transportation and rent is taxable to output VAT at a tax rate of 9% and other revenues are taxable to output VAT at a tax rate of 13% which was levied after deducting deductible input VAT for the current period.
City maintenance and construction tax	It is levied at 7% on the turnover taxes paid.
Education supplementary tax	It is levied at 3% on the turnover taxes paid.
Local education supplementary tax	It is levied at 2% on the turnover taxes paid.
Corporate income tax	Corporate income tax is levied at 25% on the taxable profit.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cash	9,000.00	9,000.00
Cash at banks	624,652,500.95	1,067,078,921.21
Other monetary funds	133,783.34	168,582.76
	624,795,284.29	1,067,256,503.97

As at 30 June 2023, there was no time deposit (31 December 2022: RMB103,034,586.30) in the Group's bank deposits which were not available for early withdrawal.

As at 30 June 2023, the cash and bank balances amounting to RMB133,783.34 were restricted as guarantee deposits for environment protection (31 December 2022: RMB168,582.76). Refer to Note V.14 for the details.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2. Bills receivable

Classification of bills receivable:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Bank acceptance bills	58,259,784.48	–
Finance company acceptance bills	50,941,120.60	–
	109,200,905.08	–
Less: Provision for bad and doubtful debts	–	–
	109,200,905.08	–

All of the above bills held by the Group are due within one year.

Outstanding endorsed or discounted bills that held by the Group have not matured at the end of the period:

	Amount derecognized at end of the period (Unaudited)	Amount not derecognized at end of the period (Unaudited)
Bank acceptance bills	10,000,000.00	12,600,000.00
Finance company acceptance bills	–	9,102,110.79
	10,000,000.00	21,702,110.79

As at 30 June 2023, the Group had no pledged bills receivable.

As at 30 June 2023, the Group had no bills transferred to accounts receivable due to non-performance of the issuers.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3. Trade receivables

The credit period of trade receivables is usually 90 to 180 days. The trade receivables bear no interest.

The ageing of trade receivables based on the invoice date is analysed below:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year	252,105,617.75	226,883,322.34
1 to 2 years	1,115,709.76	534,732.20
2 to 3 years	1,755,407.64	1,757,247.83
Over 3 years	10,409,332.69	10,572,044.54
	265,386,067.84	239,747,346.91
Less: Provision for bad debts of trade receivables	12,268,699.55	12,446,137.96
	253,117,368.29	227,301,208.95

NOTES TO FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Trade receivables (continued)

The category of trade receivables is analysed below:

	30 June 2023 (Unaudited)					31 December 2022 (Audited)				
	Gross carrying amount		Provision for bad debts		Net carrying amount	Gross carrying amount		Provision for bad debts		Net carrying amount
	Amount	Percentage (%)	Amount	Accruing percentage (%)	Amount	Amount	Percentage (%)	Amount	Accruing percentage (%)	Amount
Provision for bad debts on individual basis	12,136,877.29	4.57	12,136,877.29	100.00	-	12,376,877.29	5.16	12,376,877.29	100.00	-
Provision for bad debts by credit risk characteristic group	253,249,190.55	95.43	131,822.26	0.05	253,117,368.29	227,370,469.62	94.84	69,260.67	0.03	227,301,208.95
	265,386,067.84	100.00	12,268,699.55	4.62	253,117,368.29	239,747,346.91	100.00	12,446,137.96	5.19	227,301,208.95

The provision for bad debts of trade receivables by credit risk characteristic group are as follows:

	30 June 2023 (Unaudited)			31 December 2022 (Audited)		
	Estimated carrying amount arising from default	Expected credit loss rate (%)	Lifetime expected credit loss	Estimated carrying amount arising from default	Expected credit loss rate (%)	Lifetime expected credit loss
1 to 6 months	251,905,097.37	-	-	226,613,398.02	-	-
6 months to 1 year	200,520.38	5.00	10,026.02	269,924.32	5.00	13,496.22
1 to 2 years	1,115,709.76	10.00	111,570.98	462,348.31	10.00	46,234.82
2 to 3 years	4,599.75	20.00	919.95	1,949.83	20.00	389.97
Over 3 years	23,263.29	40.00	9,305.31	22,849.14	40.00	9,139.66
	253,249,190.55	0.05	131,822.26	227,370,469.62	0.03	69,260.67

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3. Trade receivables *(continued)*

The movements in the provision for bad debts of trade receivables are as follows:

	Opening balance	Provision for the period/year	Reversal during the period/year	Closing balance
30 June 2023 (Unaudited)	12,446,137.96	62,561.59	(240,000.00)	12,268,699.55
31 December 2022 (Audited)	16,013,828.04	419,942.72	(3,987,632.80)	12,446,137.96

4. Receivables under financing

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Bank acceptance bills receivable	20,000,000.00	140,278,760.77

5. Other receivables

The ageing of other receivables is analysed below:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year	1,227,953.79	8,619.81
1 to 2 years	263,009.62	786,552.26
2 to 3 years	579,947.65	789,182.80
Over 3 years	2,488,941.29	2,607,455.90
	4,559,852.35	4,191,810.77
Less: Provision for bad debts of other receivables	2,488,941.29	2,488,941.29
	2,070,911.06	1,702,869.48

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

5. Other receivables *(continued)*

Other receivables by nature are as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Employees' borrowings	188,119.03	212,503.63
Deposits and others	4,371,733.32	3,979,307.14
	4,559,852.35	4,191,810.77

The movements in the provision for bad debts of other receivables made according to an amount equal to lifetime expected credit losses are as follows:

	Stage 1 Expected credit losses over the next 12 months	Total
At 1 January 2023 (Audited)	2,488,941.29	2,488,941.29
Provision for the period	–	–
Reversal during the period	–	–
Transfer during the period	–	–
Write-off during the period	–	–
At 30 June 2023 (Unaudited)	2,488,941.29	2,488,941.29

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

5. Other receivables *(continued)*

The movements in the provision for bad debts of other receivables made according to an amount equal to lifetime expected credit losses are as follows: *(continued)*

	Stage 1 Expected credit losses over the next 12 months	Total
At 1 January 2022 (Audited)	2,488,941.29	2,488,941.29
Provision for the year	–	–
Reversal during the year	–	–
Transfer during the year	–	–
Write-off during the year	–	–
At 31 December 2022 (Audited)	2,488,941.29	2,488,941.29

The movements in the provision for bad debts of other receivables are as follows:

	Opening balance	Provision for the period/year	Reversal during the period/year	Closing balance
30 June 2023 (Unaudited)	2,488,941.29	–	–	2,488,941.29
31 December 2022 (Audited)	2,488,941.29	–	–	2,488,941.29

For the six months ended 30 June 2023, the Group provided no bad debts (2022: Nil), and reversed no bad debts (2022: Nil).

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

6. Inventories

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Gas	174,798.12	185,615.51
Gas appliances and others	4,454,282.10	4,091,768.63
	4,629,080.22	4,277,384.14

As at 30 June 2023, the management of the Group considered that there was no provision for impairment of inventories (31 December 2022: Nil).

7. Other current assets

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Prepaid income tax	874,939.24	874,939.24
Input VAT to be credited and certified	11,219,964.49	34,983,397.48
	12,094,903.73	35,858,336.72

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

8. Long-term equity investments

For the six months ended 30 June 2023 (Unaudited)

	Current period movements					Period-end provision for impairment
	Opening balance	Investment income under the equity method	Other equity movement	Cash dividends announced	Closing balance	
Associate 天津市濱海燃氣有限公司	54,902,040.73	2,089,038.96	(195,568.75)	-	56,795,510.94	-

2022 (Audited)

	Current year movements					Year-end provision for impairment
	Opening balance	Investment income under the equity method	Other equity movement	Cash dividends announced	Closing balance	
Associate 天津市濱海燃氣有限公司	49,135,974.84	5,673,148.56	252,468.01	(159,550.68)	54,902,040.73	-

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

9. Fixed assets

For the six months ended 30 June 2023 (Unaudited)

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening balance	48,990,991.60	1,296,365,869.44	256,458,795.55	5,662,876.27	11,069,076.07	4,558,482.24	1,623,106,091.17
Purchase	-	678,400.00	2,148,556.58	53,067.29	-	-	2,880,023.87
Transferred from construction in progress	-	-	361,403.29	-	19,470.00	-	380,873.29
Disposal or scrap	-	-	290,689.44	-	17,426.67	-	308,116.11
Closing balance	48,990,991.60	1,297,044,269.44	258,678,065.98	5,715,943.56	11,071,119.40	4,558,482.24	1,626,058,872.22
Accumulated depreciation							
Opening balance	17,956,243.77	628,917,672.55	68,567,884.74	4,883,683.17	7,330,719.89	2,747,063.24	730,403,267.36
Provision	543,589.20	24,907,565.29	8,179,180.52	30,682.70	380,503.41	-	34,041,521.12
Disposal or scrap	-	-	261,620.49	-	15,684.01	-	277,304.50
Closing balance	18,499,832.97	653,825,237.84	76,485,444.77	4,914,365.87	7,695,539.29	2,747,063.24	764,167,483.98
Impairment provision							
Opening balance	-	-	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Provision	-	-	-	-	-	-	-
Closing balance	-	-	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Net carrying amount							
At end of the period	30,491,158.63	643,219,031.60	176,198,112.96	741,860.81	3,362,915.82	-	854,013,079.82
At beginning of the period	31,034,747.83	667,448,196.89	181,896,402.56	719,476.22	3,725,691.89	-	884,824,515.39

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

9. Fixed assets *(continued)*

2022 (Audited)

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening balance	48,990,991.60	1,243,643,830.47	219,971,528.85	5,491,380.41	11,094,866.06	4,558,482.24	1,533,751,079.63
Purchase	-	370,591.82	33,415,206.30	182,906.11	19,494.12	-	33,988,198.35
Transferred from construction in progress	-	53,904,129.62	5,055,871.45	-	-	-	58,960,001.07
Disposal or scrap	-	1,552,682.47	1,983,811.05	11,410.25	45,284.11	-	3,593,187.88
Closing balance	48,990,991.60	1,296,365,869.44	256,458,795.55	5,662,876.27	11,069,076.07	4,558,482.24	1,623,106,091.17
Accumulated depreciation							
Opening balance	16,788,552.09	583,346,170.55	56,544,791.09	4,725,341.42	6,520,282.13	2,747,063.24	670,672,200.52
Provision	1,167,691.68	46,134,222.14	13,472,779.89	168,310.97	846,742.46	-	61,789,747.14
Disposal or scrap	-	562,720.14	1,449,686.24	9,969.22	36,304.70	-	2,058,680.30
Closing balance	17,956,243.77	628,917,672.55	68,567,884.74	4,883,683.17	7,330,719.89	2,747,063.24	730,403,267.36
Impairment provision							
Opening balance	-	-	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Provision	-	-	-	-	-	-	-
Closing balance	-	-	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Net carrying amount							
At end of the year	31,034,747.83	667,448,196.89	181,896,402.56	719,476.22	3,725,691.89	-	884,824,515.39
At beginning of the year	32,202,439.51	660,297,659.92	157,432,229.51	706,322.11	4,561,919.64	-	855,200,570.69

As at 30 June 2023, the Group had no fixed assets leased out under an operating lease (31 December 2022: Nil).

As at 30 June 2023, the Group had no fixed assets pending certificates of property ownership (31 December 2022: Nil).

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

10. Construction in progress

The Group had no construction materials.

Construction in progress

	30 June 2023 (Unaudited)			31 December 2022 (Audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Buildings	2,209,340.38	-	2,209,340.38	2,209,340.38	-	2,209,340.38
Pipeline Reconstruction	14,844,921.14	-	14,844,921.14	9,801,362.91	-	9,801,362.91
Gas stations and others	2,402,696.30	(1,035,000.00)	1,367,696.30	2,052,291.35	(1,035,000.00)	1,017,291.35
Gas facility safety improvement project	5,532,369.72	-	5,532,369.72	-	-	-
Mines	408,920.27	(408,920.27)	-	408,920.27	(408,920.27)	-
	25,398,247.81	(1,443,920.27)	23,954,327.54	14,471,914.91	(1,443,920.27)	13,027,994.64

NOTES TO FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Construction in progress (continued)

Construction in progress (continued)

The movements of construction in progress for the six months ended 30 June 2023 (Unaudited) are as follows:

	Opening balance	Addition	Transferred to fixed assets	Closing balance
Buildings	2,209,340.38	-	-	2,209,340.38
Pipeline reconstruction	9,801,362.91	5,043,558.23	-	14,844,921.14
Gas stations and others	2,052,291.35	731,278.24	380,873.29	2,402,696.30
Gas facility safety improvement project	-	5,532,369.72	-	5,532,369.72
Mines	408,920.27	-	-	408,920.27
	14,471,914.91	11,307,206.19	380,873.29	25,398,247.81

The movements of construction in progress in 2022 (Audited) are as follows:

	Opening balance	Addition	Transferred to fixed assets	Closing balance
Buildings	2,138,040.00	71,300.38	-	2,209,340.38
Pipeline reconstruction	2,257,639.57	65,944,890.64	58,401,167.30	9,801,362.91
Gas stations and others	1,512,668.61	1,098,456.51	558,833.77	2,052,291.35
Mines	408,920.27	-	-	408,920.27
	6,317,268.45	67,114,647.53	58,960,001.07	14,471,914.91

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

11. Intangible assets

For the six months ended 30 June 2023 (Unaudited)

	Land use rights	Software	Mineral rights	Total
Cost				
Opening balance	14,316,891.30	1,886,375.47	16,765,984.00	32,969,250.77
Purchase	-	-	-	-
Closing balance	14,316,891.30	1,886,375.47	16,765,984.00	32,969,250.77
Accumulated amortisation				
Opening balance	4,302,211.72	735,136.36	7,243,935.07	12,281,283.15
Provision	151,380.21	94,226.35	-	245,606.56
Closing balance	4,453,591.93	829,362.71	7,243,935.07	12,526,889.71
Impairment provision				
Opening balance	-	-	9,522,048.93	9,522,048.93
Provision	-	-	-	-
Closing balance	-	-	9,522,048.93	9,522,048.93
Net carrying amount				
At end of the period	9,863,299.37	1,057,012.76	-	10,920,312.13
At beginning of the period	10,014,679.58	1,151,239.11	-	11,165,918.69

NOTES TO FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Intangible assets (continued)

2022 (Audited)

	Land use rights	Software	Mineral rights	Total
Cost				
Opening balance	14,316,891.30	1,683,536.94	16,765,984.00	32,766,412.24
Purchase	–	202,838.53	–	202,838.53
Closing balance	14,316,891.30	1,886,375.47	16,765,984.00	32,969,250.77
Accumulated amortisation				
Opening balance	3,999,889.76	550,819.50	7,243,935.07	11,794,644.33
Provision	302,321.96	184,316.86	–	486,638.82
Closing balance	4,302,211.72	735,136.36	7,243,935.07	12,281,283.15
Impairment provision				
Opening balance	–	–	9,522,048.93	9,522,048.93
Provision	–	–	–	–
Closing balance	–	–	9,522,048.93	9,522,048.93
Net carrying amount				
At end of the year	10,014,679.58	1,151,239.11	–	11,165,918.69
At beginning of the year	10,317,001.54	1,132,717.44	–	11,449,718.98

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

12. Long-term deferred expenses

	Balance at the beginning of the period	Additions during the period	Amortisation during the period	Balance at the end of the period
Asset improvements	–	1,619,967.26	161,996.70	1,457,970.56

13. Deferred tax assets

Deferred tax assets are as follows:

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for bad debts	14,757,640.84	3,689,410.21	14,935,079.25	3,733,769.81
Provision for impairment of fixed assets	5,722,041.27	1,430,510.32	5,722,041.27	1,430,510.32
Provision for impairment of construction in progress	1,035,000.00	258,750.00	1,035,000.00	258,750.00
Deferred income	89,949,190.18	22,487,297.54	92,418,010.48	23,104,502.62
Deductible losses	160,415,233.61	40,103,808.41	121,020,947.99	30,255,237.00
	271,879,105.90	67,969,776.48	235,131,078.99	58,782,769.75

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

13. Deferred tax assets *(continued)*

Deductible temporary differences and deductible losses of unrecognised deferred tax assets are as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Deductible temporary differences	12,087,236.35	12,087,236.35
Deductible losses	2,057,593.83	5,663,445.29
	14,144,830.18	17,750,681.64

Deductible losses of unrecognised deferred tax assets will expire in the following years:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
2023	–	1,553,395.38
2024	174,649.16	1,606,447.25
2025	1,343,361.65	988,851.41
2026	269,380.12	787,525.04
2027	154,553.36	727,226.21
2028	115,649.54	–
	2,057,593.83	5,663,445.29

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

14. Assets restricted by ownership

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Other monetary funds	133,783.34	168,582.76

At 30 June 2023, deposits of RMB133,783.34 were restricted as guarantee deposits for environment protection by the government in Industrial and Commercial Bank of China Kaili Tianyi sub-branch (31 December 2022: RMB168,582.76).

15. Trade payables

The trade payables are non-interest-bearing and generally have an average payment term of 60 days.

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year	101,610,694.16	393,008,190.82
1 to 2 years	12,789,643.72	25,443,727.91
Over 2 years	12,482,589.27	15,718,649.42
	126,882,927.15	434,170,568.15

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

16. Contract liabilities

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Deposits for sales of piped gas	173,858,759.39	229,879,172.06
Advances from gas connection	49,967,614.60	55,034,545.70
Advances from sales of gas appliances	5,586,211.44	6,198,714.61
Others	430,069.16	372,742.55
	229,842,654.59	291,485,174.92

Contract liabilities mainly include the amount of pipeline gas charges that the Group requires customers to deposit in advance, and payments received by the Group to provide gas connections services and sales of gas appliances.

For details of information about revenue recognised that was included in contract liabilities at the beginning of the period and information about the Group's performance obligations, please refer to Note V.25. Revenue and cost of sales.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

17. Employee benefits payable

For the six months ended 30 June 2023 (Unaudited)

	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	17,547,305.16	47,401,596.06	60,552,128.56	4,396,772.66
Post-employment benefits (defined contribution plan)	(2,251.53)	7,294,388.29	7,292,136.76	-
Termination benefits	-	-	-	-
	17,545,053.63	54,695,984.35	67,844,265.32	4,396,772.66

2022 (Audited)

	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	16,299,383.31	123,413,367.06	122,165,445.21	17,547,305.16
Post-employment benefits (defined contribution plan)	(4,732.01)	15,144,289.81	15,141,809.33	(2,251.53)
Termination benefits	-	-	-	-
	16,294,651.30	138,557,656.87	137,307,254.54	17,545,053.63

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

17. Employee benefits payable *(continued)*

Details of short-term employee benefits are as follows:

For the six months ended 30 June 2023 (Unaudited)

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances and subsidies	13,815,752.54	35,725,083.93	48,457,679.01	1,083,157.46
Employee bonus and welfare fund	3,004,473.34	807,175.05	790,952.99	3,020,695.40
Social insurance	24,365.72	4,805,472.09	4,829,837.81	-
Including: Medical insurance	25,165.72	4,404,515.50	4,429,681.22	-
Work injury insurance	(800.00)	185,505.56	184,705.56	-
Maternity insurance	-	215,451.03	215,451.03	-
Housing fund	18,974.35	5,248,455.00	5,267,429.35	-
Union fund and employee education fund	683,739.21	815,409.99	1,206,229.40	292,919.80
	17,547,305.16	47,401,596.06	60,552,128.56	4,396,772.66

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

17. Employee benefits payable *(continued)*

Details of short-term employee benefits are as follows: *(continued)*

2022 (Audited)

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances and subsidies	12,543,117.35	97,235,380.45	95,962,745.26	13,815,752.54
Employee bonus and welfare fund	3,001,223.34	3,156,787.77	3,153,537.77	3,004,473.34
Social insurance	25,151.76	9,976,691.77	9,977,477.81	24,365.72
Including: Medical insurance	25,951.76	9,149,876.97	9,150,663.01	25,165.72
Work injury insurance	(800.00)	378,787.12	378,787.12	(800.00)
Maternity insurance	–	448,027.68	448,027.68	–
Housing fund	18,974.35	10,832,519.00	10,832,519.00	18,974.35
Union fund and employee education fund	710,916.51	2,211,988.07	2,239,165.37	683,739.21
	16,299,383.31	123,413,367.06	122,165,445.21	17,547,305.16

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

17. Employee benefits payable *(continued)*

Details of defined contribution plan are as follows:

For the six months ended 30 June 2023 (Unaudited)

	Opening balance	Increase	Decrease	Closing balance
Basic pension insurance	5,791.43	7,073,336.32	7,079,127.75	-
Unemployment insurance	(8,042.96)	221,051.97	213,009.01	-
	(2,251.53)	7,294,388.29	7,292,136.76	-

2022 (Audited)

	Opening balance	Increase	Decrease	Closing balance
Basic pension insurance	3,310.95	14,685,435.61	14,682,955.13	5,791.43
Unemployment insurance	(8,042.96)	458,854.20	458,854.20	(8,042.96)
	(4,732.01)	15,144,289.81	15,141,809.33	(2,251.53)

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

18. Taxes payable

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Value-added tax	343,289.69	41,959,624.66
Others	769,734.89	1,069,736.93
Total	1,113,024.58	43,029,361.59

19. Deferred income

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Government grants related to assets/income		
Opening balance	92,418,010.48	101,466,274.03
Increase	–	7,027,027.03
Amortisation	2,468,820.30	5,105,301.47
Decrease	–	10,969,989.11
Closing balance	89,949,190.18	92,418,010.48

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

19. Deferred income *(continued)*

Liabilities relevant to government grants as at 30 June 2023 are listed as follows: (Unaudited)

	Opening balance	Increase	Recognised as other income	Closing balance	Relevant to asset/income
河畔星城 medium pressure pipeline	2,714,946.66	-	(90,499.52)	2,624,447.14	Asset
富力桃园 medium pressure pipeline	2,704,452.03	-	(234,443.18)	2,470,008.85	Asset
Pipeline reconstruction	85,064,325.89	-	(2,003,337.06)	83,060,988.83	Asset
鄱阳南路睿思路 medium pressure pipeline	1,934,285.90	-	(140,540.54)	1,793,745.36	Asset
	92,418,010.48	-	(2,468,820.30)	89,949,190.18	

Liabilities relevant to government grants as at 31 December 2022 are listed as follows:
(Audited)

	Opening balance	Increase	Recognised as other income	Other changes	Closing balance	Relevant to asset/income
河畔星城 medium pressure pipeline	2,895,945.66	-	(180,999.00)	-	2,714,946.66	Asset
富力桃园 medium pressure pipeline	3,173,338.47	-	(468,886.44)	-	2,704,452.03	Asset
Pipeline reconstruction	93,363,661.40	7,027,027.03	(4,356,373.43)	(10,969,989.11)	85,064,325.89	Asset/income
鄱阳南路睿思路 medium pressure pipeline	2,033,328.50	-	(99,042.60)	-	1,934,285.90	Asset
	101,466,274.03	7,027,027.03	(5,105,301.47)	(10,969,989.11)	92,418,010.48	

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

20. Share capital

The registered capital of the Company is RMB183,930,780.00, which was entirely contributed till 11 April 2011.

The investments by investor according to the articles of association of the Company were as follows:

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	RMB	Percentage (%)	RMB	Percentage (%)
Jinran China Resources	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%
	183,930,780.00	100%	183,930,780.00	100%

The above share capital contributed by shareholders has been verified by Tianjian (2001) Yan Zi No.026 capital verification report issued by Pan-China Certified Public Accountants LLP, Jin Guangxin Yan Wai H Zi (2007) No.034 capital verification report issued by Tianjin Guangxin Accounting Firm, and Wuzhou Songde Yan Zi (2009) No.0004 and (2011) No.1-0052 capital verification reports issued by Wuzhou Songde Union Accounting Firm.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

21. Capital reserve

For the six months ended 30 June 2023 (Unaudited) and 2022 (Audited)

	Opening balance	Increase	Decrease	Closing balance
Share premium (note 1)	788,701,906.45	-	-	788,701,906.45
Others (note 2)	1,630,445.73	-	-	1,630,445.73
	790,332,352.18	-	-	790,332,352.18

Note 1: The Company issued 300,000,000 H Shares at a price of HKD0.25 per share (par value of RMB0.10 each) to offshore investors and converted 30,000,000 Domestic Shares into H Shares by way of placing for listing of H Shares on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 January 2004. The Company received net proceeds, after deducting all relevant share issue expenses, of RMB64,667,255.43 from the new issue of shares by way of public offer and placing which included share capital of RMB33,000,000.00 and share premium of RMB31,667,255.43. On 13 March 2008, the Company issued 154,600,000 H Shares at a price of HKD1.90 per share (par value of RMB0.10 each) to offshore investors and converted 15,460,000 Domestic Shares into H Shares by way of placing of new shares on the GEM. The Company received net proceeds, after deducting all relevant share issue expenses, of RMB253,009,696.34 which included share capital of RMB17,006,000.00 and the premium of RMB236,003,696.34. On 7 April 2011, the Company acquired assets, such as pipeline network, at fair value of RMB590,001,734.68 from Tianjin Gas Group Company Limited (天津市燃氣集團有限公司) (“Tianjin Gas”). To satisfy the consideration, the Company issued 689,707,800 Domestic Shares (par value of RMB0.10 each) to Tianjin Gas which represented share capital of RMB68,970,780.00 and the premium of RMB521,030,954.68. The transaction was completed on 11 April 2011.

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

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

22. Specialised reserve

For the six months ended 30 June 2023 (Unaudited)

	Opening balance	Increase	Decrease	Closing balance
Safety production funds	550,525.89	4,815,115.69	(5,308,742.32)	56,899.26

2022 (Audited)

	Opening balance	Increase	Decrease	Closing balance
Safety production funds	298,057.88	252,468.01	–	550,525.89

Pursuant to *Regulations for Withdrawal and Use of Expenses for Safety Production Funds of Enterprises*, the Group is required to provide safety production funds 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 of this period is the difference between the amount provided according to relevant regulations and the amount utilised during the period.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

23. Surplus reserve

For the six months ended 30 June 2023 (Unaudited)

	Opening balance	Increase	Decrease	Closing balance
Reserve fund and statutory surplus reserves	89,197,108.64	-	-	89,197,108.64
Enterprise expansion fund	39,080,414.49	-	-	39,080,414.49
	128,277,523.13	-	-	128,277,523.13

2022 (Audited)

	Opening balance	Increase	Decrease	Closing balance
Reserve fund and statutory surplus reserves	89,197,108.64	-	-	89,197,108.64
Enterprise expansion fund	39,080,414.49	-	-	39,080,414.49
	128,277,523.13	-	-	128,277,523.13

According to the Articles of Association and the provisions of relevant laws and regulations, the Company appropriates 10% of the net profit to statutory surplus reserves, after offsetting accumulated losses from prior years.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

24. Retained earnings

	For the six months ended 30 June 2023 (Unaudited)	2022 (Audited)
Retained earnings at the beginning of the period/year	483,304,751.98	551,650,003.94
Net loss attributable to shareholders of the Parent	(25,864,290.20)	(68,345,251.96)
Retained earnings at the end of the period/year	457,440,461.78	483,304,751.98

25. Revenue and cost of sales

	For the six months ended 30 June 2023 (Unaudited)		For the six months ended 30 June 2022 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	913,834,027.90	953,214,971.97	911,796,704.56	920,602,818.24

NOTES TO FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Revenue and cost of sales (continued)

Revenue is stated as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue from contracts with customers	913,834,027.90	909,961,842.16
Rentals	–	1,834,862.40
	913,834,027.90	911,796,704.56

Disaggregation of revenue from contracts with customers is as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue recognition		
Revenue recognised at a point in time		
Sales of piped gas	900,244,924.09	891,708,978.97
Sales of gas appliances and others	1,141,592.92	870,775.36
Revenue recognised over time		
Gas connection income	12,423,654.48	17,199,445.94
Gas transportation	23,856.41	182,641.89
	913,834,027.90	909,961,842.16

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Sales of piped gas	161,641,722.06	159,854,403.01
Gas connection income	10,629,602.43	49,313,056.36
Sales of gas appliances and others	1,123,110.78	5,393,930.34
	173,394,435.27	214,561,389.71

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

Information about the Group's performance obligations is summarised below:

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.

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.

Gas connection

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required before rendering the services.

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.

As at 30 June 2023, the transaction price allocated to the remaining performance obligation was RMB229,842,654.59 (31 December 2022: RMB291,442,293.03) and the Group will recognise this amount as revenue in future upon delivery of the products or based on the progress of completion of gas connection.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

26. Taxes and surcharges

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
City maintenance and construction tax	32,646.00	17,645.02
Education supplementary tax	23,318.58	12,603.59
Tenure tax	186,971.75	186,971.75
Vehicle use tax	5,327.22	15,230.36
Stamp duty	302,657.64	230,393.86
Property tax	189,047.38	189,047.38
Others	318.11	2,931.03
	740,286.68	654,822.99

27. Finance costs

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Interest income	(12,726,937.67)	(17,486,382.97)
Others	86,398.91	142,407.64
	(12,640,538.76)	(17,343,975.33)

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

28. Other income

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Government grants related to daily operation	2,496,788.29	2,547,246.71

Government grants related to daily operation are as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)	
Deferred income (Note 1)	2,468,820.30	2,532,004.29	Related to assets
Tax refund subsidy	18,225.38	15,242.42	Related to income
Others	9,742.61	–	Related to income
	2,496,788.29	2,547,246.71	

Note 1 Deferred income represents government grants related to the Group's daily operation and related to renovation works. Please refer to Note V. 19 for details.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

29. Investment income

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Profit from long-term equity investments under the equity method	2,089,038.96	3,963,932.66

30. Credit impairment losses

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Bad debt loss of trade receivables	177,438.41	1,674,163.15

31. Expenses by nature

The supplementary information for the cost of sales and administrative expenses of the Group classified by nature is as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Cost of piped gas purchased	856,012,235.77	825,020,965.09
Cost of gas connection services	6,528,980.22	8,389,369.43
Cost of gas meters	763,491.15	601,814.17
Employee benefits	54,695,984.35	59,891,716.80
Depreciation and amortisation	34,449,124.38	31,901,332.09
Maintenance expenses	6,457,483.85	3,893,328.01
Agency fees	2,111,385.48	2,960,631.28
Others	4,500,933.94	2,679,160.34
	965,519,619.14	935,338,317.21

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

32. Income tax expense

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Current income tax expense	–	–
Deferred tax expense	(9,187,006.73)	(596,021.99)
	(9,187,006.73)	(596,021.99)

The reconciliation from total profit to income tax expense is as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Total (loss)/profit	(35,064,669.50)	1,122,826.23
Income tax expense at statutory or applicable tax rate (note 1)	(8,766,167.38)	280,706.56
Income not subject to tax	(522,259.74)	(990,983.17)
Expenses not deductible for tax	2,834.31	136.41
Deductible temporary differences and tax losses not recognised	98,586.08	114,118.21
Tax expense at the Group's effective tax rate	(9,187,006.73)	(596,021.99)

Note 1: The income tax of the Group is calculated based on the estimated taxable income gained in China and the applicable tax rate.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

33. (Loss)/earnings per share

	For the six months ended 30 June 2023 (Unaudited) RMB/Share	For the six months ended 30 June 2022 (Unaudited) RMB/Share
Basic (loss) /earnings per share		
Continuing operations	(0.014)	0.001
Diluted (loss) /earnings per share		
Continuing operations	(0.014)	0.001

The calculation of basic (loss)/earnings per share is based on the net (loss)/profit 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).

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

33. (Loss)/earnings per share *(continued)*

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 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
(Loss)/earnings		
Net (loss)/profit for the period attributable to ordinary shareholders of the Company	(25,864,290.20)	1,773,187.28
Shares		
Weighted average number of ordinary shares in issue of the Company	1,839,307,800.00	1,839,307,800.00

The Company did not have potentially dilutive ordinary shares as at the date of approval of the financial statements.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

34. Supplementary information to the statement of cash flows

(1) Adjustment of net (loss)/profit to cash flows from operating activities:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Net (loss)/profit	(25,877,662.77)	1,718,848.22
Add: Provisions for asset impairment	(177,438.41)	(1,674,163.15)
Depreciation of fixed assets	34,041,521.12	31,665,985.89
Amortisation of intangible assets	245,606.56	235,346.20
Amortisation of long-term deferred expenses	161,996.70	-
(Decrease)/increase in deferred income	(2,468,820.30)	4,495,022.74
Losses on scrap of fixed assets	30,811.61	173,182.17
Finance costs	(3,192,000.00)	(3,289,937.00)
Investment income	(2,089,038.96)	(3,963,932.66)
Increase in deferred tax assets	(9,187,006.73)	(596,021.99)
Increase in inventories	(351,696.08)	(307,536.79)
Decrease/(increase) in operating receivables	27,373,367.74	(127,840,964.47)
Decrease in operating payables	(433,506,788.42)	(199,404,460.09)
Net cash flows used in operating activities	(414,997,147.94)	(296,447,489.18)

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

(1) Adjustment of net (loss)/profit to cash flows from operating activities: *(continued)*

Movement in cash and cash equivalents:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Closing balance of cash	624,661,500.95	624,933,620.85
Less: Opening balance of cash	964,053,334.91	936,589,733.94
Net decrease in cash and cash equivalents	(339,391,833.96)	(311,656,113.09)

(2) Cash and cash equivalents

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cash	624,661,500.95	964,053,334.91
Including: Cash on hand	9,000.00	9,000.00
Bank deposits on demand	624,652,500.95	964,044,334.91
Closing balance of cash and cash equivalents	624,661,500.95	964,053,334.91

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

VI. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

Details of subsidiaries of the Company are as follows:

	Principal place of business	Place of registration	Nature of company	Nature of business	Registered capital	Proportion of shareholding (%)		Proportion of votes
						Direct/Indirect		
Newly established or invested								
天津天聯節能科技有限公司 (former name: 天津天聯投資有限公司)	Tianjin, the PRC	Tianjin, the PRC	Limited liability company	Investment	20,000,000.00	100%		100%
Business combination not involving entities under common control								
貴州津維礦業投資有限公司	Guizhou, the PRC	Guizhou, the PRC	Limited liability company	Mining business	16,000,000.00	88%		88%
貴州省台江縣國新鉛鋅選礦有限責任公司	Guizhou, the PRC	Guizhou, the PRC	Limited liability company	Mining business	5,000,000.00	100%		100%

2. Interests in an associate

	Principal place of business	Place of registration	Nature of company	Nature of business	Registered capital	Proportion of shareholding (%)		Accounting method
						Direct/Indirect		
天津市濱海燃氣有限公司	Tianjin, the PRC	Tianjin, the PRC	Limited liability company	Gas sales and transportation	7,200,000.00	30.55%		Equity

天津市濱海燃氣有限公司, an associate of the Group, engages gas sales and transportation business. The Group adopted the equity method to measure this investment and it is not strategic to the Group's operation.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

VI. INTERESTS IN OTHER ENTITIES *(continued)*

2. Interests in an associate *(continued)*

The table below demonstrates the financial information of 天津市濱海燃氣有限公司, which is adjusted according to accounting policy differences and adjusted to the carrying amount of the financial statements:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current assets	107,374,222.96	144,847,100.06
Non-current assets	224,216,260.58	232,199,440.07
Total assets	331,590,483.54	377,046,540.13
Current liabilities	81,035,871.80	115,095,241.23
Non-current liabilities	76,411,595.17	94,006,220.84
Total liabilities	157,447,466.97	209,101,462.07
Net assets	174,143,016.57	167,945,078.06
Net assets portion based on shareholding	53,200,691.56	51,307,221.35
Adjustment	3,594,819.38	3,594,819.38
Carrying amount of investment	56,795,510.94	54,902,040.73
	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue	137,125,455.08	133,093,305.70
Income tax expense	2,279,366.02	4,527,292.35
Net profit	6,838,098.06	12,975,229.64
Other comprehensive income	-	-
Total comprehensive income	6,838,098.06	12,975,229.64
Dividends Received	-	-

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. 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 2023 (Unaudited)

Financial assets

	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Total
Cash and bank balances	624,795,284.29	–	624,795,284.29
Bills Receivable	109,200,905.08	–	109,200,905.08
Trade receivables	253,117,368.29	–	253,117,368.29
Receivables under financing	–	20,000,000.00	20,000,000.00
Other receivables	2,070,911.06	–	2,070,911.06
	989,184,468.72	20,000,000.00	1,009,184,468.72

Financial liabilities

	Financial liabilities measured at amortised cost	Total
Trade payables	126,882,927.15	126,882,927.15
Other payables	22,213,124.88	22,213,124.88
	149,096,052.03	149,096,052.03

NOTES TO FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

VII. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. Classification of financial instruments (continued)

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

31 December 2022 (Audited)

Financial assets

	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Total
Cash and bank balances	1,067,256,503.97	–	1,067,256,503.97
Trade receivables	227,301,208.95	–	227,301,208.95
Receivables under financing	–	140,278,760.77	140,278,760.77
Other receivables	1,702,869.48	–	1,702,869.48
	<u>1,296,260,582.40</u>	<u>140,278,760.77</u>	<u>1,436,539,343.17</u>

Financial liabilities

	Financial liabilities measured at amortised cost	Total
Trade payables	434,170,568.15	434,170,568.15
Other payables	39,178,709.80	39,178,709.80
	<u>473,349,277.95</u>	<u>473,349,277.95</u>

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

2. Risks arising from financial instruments

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk (including interest rate risk). The Group's principal financial instruments comprise cash and bank balances, bills receivables, trade receivables, receivables under financing and trade payables. In this regard, risks arising from financial instruments and the Group's risk management policies which aim at mitigation of these risks are outlined below.

The board of directors is responsible for planning and establishing the Group's risk management framework, developing the Group's risk management policies and related guidelines and overseeing the implementation of risk management measures. The Group has developed risk management policies to identify and analyse the risks faced by the Group. These risk management policies define specific risks which cover many aspects such as market risk, credit risk and liquidity risk management. The Group evaluates the market environment and changes in the Group's operations to determine whether or not to update the risk management policies and systems on a regular basis.

The Group uses appropriate diversification and portfolio to diversify the risk of financial instruments and reduce the risk of focusing on any single industry, specific region or specific counterparty by developing appropriate risk management policies.

Credit risk

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 trade 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 2023

(Expressed in Renminbi Yuan)

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

2. Risks arising from financial instruments *(continued)*

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 finance company acceptance bills receivable is rather low.

The credit risk of other financial assets, which comprise trade 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 2023, the Group had certain concentrations of credit risk as 41% (31 December 2022: 42%) and 76% (31 December 2022: 86%) of the Group's trade 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 trade receivables.

Criteria for judging significant increases in credit risk

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

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

2. Risks arising from financial instruments *(continued)*

Credit risk (continued)

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.

Definition of credit-impaired financial assets

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

- (1) Significant financial difficulty of the issuer or debtor;
- (2) Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- (3) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

2. Risks arising from financial instruments *(continued)*

Credit risk (continued)

Definition of credit-impaired financial assets (continued)

- (4) It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;
- (6) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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

Exposure to credit risk

As at 30 June 2023 and 31 December 2022, 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 V.3 Trade receivables and Note V.5 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 2023 to 30 June 2023, the Group's assessment methods and major assumptions have not changed.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

2. Risks arising from financial instruments *(continued)*

Liquidity risk

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.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted cash flows, is as follows:

30 June 2023 (Unaudited)

	On demand	Within 3 months	3 months to 1 year	Total
Trade payables	89,565,140.37	37,317,786.78	-	126,882,927.15
Other payables	10,974,939.71	11,238,185.17	-	22,213,124.88
	100,540,080.08	48,555,971.95	-	149,096,052.03

31 December 2022 (Audited)

	On demand	Within 3 months	3 months to 1 year	Total
Trade payables	-	434,170,568.15	-	434,170,568.15
Other payables	10,974,939.71	28,203,770.09	-	39,178,709.80
	10,974,939.71	462,374,338.24	-	473,349,277.95

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

2. Risks arising from financial instruments *(continued)*

Market risk

Interest rate 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.

3. Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business development and maximise shareholders' value.

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 2023 and 31 December 2022 were as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Gearing ratio	24%	37%

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

VIII. FAIR VALUE

1. Assets and liabilities measured at fair value

30 June 2023 (Unaudited)

	Inputs used in financial instruments measured at fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Receivables under financing	-	20,000,000.00	-	20,000,000.00

31 December 2022 (Audited)

	Inputs used in financial instruments measured at fair value			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Receivables under financing	-	140,278,760.77	-	140,278,760.77

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

VIII. FAIR VALUE *(continued)*

2. Fair value evaluation

Management has assessed cash and bank balances, bills receivables, trade receivables, other receivables, trade payables and other payables, etc. and considers that their fair values approximate to their carrying amounts due to the short term maturities of these instruments.

The Group's finance team is led by the finance manager, and is responsible for formulating policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial officer and the audit committee. On each balance sheet date, the finance team analyses movements in the fair value of financial instruments and determines the major inputs applicable to the valuation. The valuation must be reviewed and approved by the finance manager. The finance team discusses the valuation process and results twice a year with the Audit Committee for interim and annual financial reporting.

The fair value of financial assets and financial liabilities is determined based on the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent company

	Place of registration	Nature of business	Registered capital	Proportion of shareholding (%)	Proportion of votes (%)
Jinran China Resources	Tianjin, the PRC	Operation of gas; various types of engineering construction activities; installation and repair of gas-fired appliance etc.	RMB5 billion	70.54%	70.54%

2. Subsidiaries

For details of the subsidiaries, please refer to Note VI.1. Interests in subsidiaries.

3. Associate

For details of the associate, please refer to Note VI.2. Interests in an associate.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

4. Other related parties

Relationship with related parties

天津能源投資集團有限公司	Ultimate controller of the investor who exercise joint control over the controlling shareholder
天津濱海燃氣集團有限公司	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
天津市燃氣熱力規劃設計研究院有限公司	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
天津市聯益燃氣配套工程有限責任公司	A subsidiary of the controlling shareholder
天津市益銷燃氣工程發展有限公司	A subsidiary of 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
天津泰華燃氣有限公司	An associate of the controlling shareholder
天津濱海中油燃氣有限責任公司	An associate of the controlling shareholder

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

5. Major transactions between the Group and its related parties

(1) Goods and services between related parties

Purchase of piped gas from a related party

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
津燃華潤燃氣有限公司	851,972,304.63	821,382,528.49

Gas transportation and rent services provided to related parties

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
津燃華潤燃氣有限公司	23,856.41	182,641.89
天津濱海燃氣集團有限公司	-	1,834,862.40
	23,856.41	2,017,504.29

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

5. Major transactions between the Group and its related parties *(continued)*

(1) Goods and services between related parties *(continued)*

Sales of piped gas to related parties

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
天津泰華燃氣有限公司	132,723,146.15	125,664,826.42
天津市熱力有限公司	1,267,070.07	1,694,473.31
天津華潤萬家生活超市有限公司	-	196,101.76
天津濱海中油燃氣有限責任公司	115,188.57	90,973.13
天津能源投資集團有限公司	10,463.64	11,084.19
天津市眾元天然氣工程有限公司	12,277.01	8,582.35
天津市益銷燃氣工程發展有限公司	198.16	238.43
	134,128,343.60	127,666,279.59

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

5. Major transactions between the Group and its related parties *(continued)*

(1) Goods and services between related parties *(continued)*

Gas connection services and gas meter installation services received from related parties

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Gas connection services received		
天津市液化氣工程有限公司	1,960,948.00	2,046,822.58
天津市聯益燃氣配套工程有限責任公司	1,636,568.56	1,578,223.85
天津市眾元天然氣工程有限公司	612,289.33	84,125.79
	4,209,805.89	3,709,172.22
Gas meter installation services received		
天津市益銷燃氣工程發展有限公司	574,227.52	432,451.19

The pricing of the aforementioned related parties transactions were negotiated by both parties according to the market prices.

(2) Remuneration of key management

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Remuneration of key management	1,054,036.42	1,436,017.26

NOTES TO FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. Amounts due from related parties

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables		
天津泰華燃氣有限公司	20,547,691.72	81,245,102.73
津燃華潤燃氣有限公司	26,003.45	355,230.96
天津市液化氣工程有限公司	-	185.73
	20,573,695.17	81,600,519.42
	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Other receivables		
津燃華潤燃氣有限公司	1,719,383.66	1,343,567.72
	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Prepayments		
津燃華潤燃氣有限公司	6,427,231.38	-

Amounts due from related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

NOTES TO FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

IX. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Balance of amounts due to related parties

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade payables		
天津市聯益燃氣配套工程有限責任公司	13,480,296.27	24,467,528.60
天津市液化氣工程有限公司	10,378,277.11	16,888,067.44
天津市眾元天然氣工程有限公司	6,411,230.85	10,985,539.14
天津市裕民燃氣表具有限公司	5,475,984.24	8,282,176.29
天津市益銷燃氣工程發展有限公司	4,205,932.38	3,631,704.86
天津市燃氣熱力規劃設計研究院有限公司	3,985,531.53	3,999,163.61
華潤燃氣(鄭州)市政設計研究院有限公司	32,902.60	32,902.60
天津市津能工程管理有限公司	6,597.65	6,597.65
津燃華潤燃氣有限公司	-	289,407,325.37
天津能源投資集團科技有限公司	-	54,216.51
	43,976,752.63	357,755,222.07
	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Contract liabilities		
天津市熱力有限公司	1,923,626.18	1,232,332.64
天津市液化氣工程有限公司	723,426.51	723,426.51
天津華潤萬家生活超市有限公司	357,214.43	140,893.68
天津濱海中油燃氣有限責任公司	39,710.11	78,912.52
天津能源投資集團有限公司	-	9,359.75
	3,043,977.23	2,184,925.10

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

7. Balance of amounts due to related parties *(continued)*

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Other payables		
津燃華潤燃氣有限公司	1,701,730.21	1,570,039.21
天津能源投資集團科技有限公司	34,216.51	3,773.58
天津能源投資集團有限公司	–	14,531,300.00
天津市益銷燃氣工程發展有限公司	–	89,735.78
	1,735,946.72	16,194,848.57

Amounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

X. COMMITMENTS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Contracted but not provided for Capital commitments	111,053,820.90	94,950,802.58

XI. POST BALANCE SHEET EVENTS

The Company and 天津市裕民燃氣表具有限公司 entered into a settlement contract on 20 July 2023 pursuant to the procurement framework contract signed on 13 February 2023, and paid 天津市裕民燃氣表具有限公司 a purchase price of RMB9,289,115.01 for gas meters.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

XII. OTHER SIGNIFICANT EVENTS

1. 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. 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 V.25.

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 2023, the Group's operating revenue of RMB355,589,286.33 (which accounted for more than 10% of the Group's total revenue) was derived from sales to a single customer (including sales to a group of entities which are known to be under the control of that customer) (for the six months ended 30 June 2022: RMB347,816,999.35).

2. Leases

As lessee

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Expenses relating to short-term leases accounted for current profit or loss under the simplified approach	247,598.66	223,365.92
Total cash outflow for leases	-	-

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

XII. OTHER SIGNIFICANT EVENTS *(continued)*

2. Leases *(continued)*

The Group has lease contracts for houses and buildings and electronics used in its operations. Leases of houses and buildings and electronics generally have lease terms of one year. Generally, the Group is restricted from subleasing the leased assets.

The Group has no leases which have been promised but not yet commenced.

Other information relating to leases

For practical expedients of short-term leases, refer to Note III.22.

XIII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables

The credit period of trade receivables is usually 90 to 180 days. The trade receivables bear no interest.

The ageing of trade receivables based on the invoice date is analysed below:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year	252,105,617.75	226,883,322.34
1 to 2 years	1,115,709.76	534,732.20
2 to 3 years	1,755,407.64	1,757,247.83
Over 3 years	10,409,332.69	10,572,044.54
	265,386,067.84	239,747,346.91
Less: Provision for bad debts of trade receivables	12,268,699.55	12,446,137.96
	253,117,368.29	227,301,208.95

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

1. Trade receivables *(continued)*

The category of trade receivables is analysed below:

	30 June 2023 (Unaudited)					31 December 2022 (Audited)				
	Gross carrying amount		Provision for bad debts		Net carrying amount	Gross carrying amount		Provision for bad debts		Net carrying amount
	Amount	Percentage (%)	Amount	Accruing percentage (%)	Amount	Amount	Percentage (%)	Amount	Accruing percentage (%)	Amount
Provision for bad debts on individual basis	12,136,877.29	4.57	12,136,877.29	100.00	-	12,376,877.29	5.16	12,376,877.29	100.00	-
Provision for bad debts by credit risk characteristic group	253,249,190.55	95.43	131,822.26	0.05	253,117,368.29	227,370,469.62	94.84	69,260.67	0.03	227,301,208.95
	265,386,067.84	100.00	12,268,699.55	4.62	253,117,368.29	239,747,346.91	100.00	12,446,137.96	5.19	227,301,208.95

The provision for bad debts of trade receivables by credit risk characteristic group are as follows:

	30 June 2023 (Unaudited)			31 December 2022 (Audited)		
	Estimated carrying amount arising from default	Expected credit loss rate(%)	Lifetime Expected credit losses	Estimated carrying amount arising from default	Expected credit loss rate(%)	Lifetime Expected credit losses
1 to 6 months	251,905,097.37	-	-	226,613,398.02	-	-
6 months to 1 year	200,520.38	5.00	10,026.02	269,924.32	5.00	13,496.22
1 to 2 years	1,115,709.76	10.00	111,570.98	462,348.31	10.00	46,234.82
2 to 3 years	4,599.75	20.00	919.95	1,949.83	20.00	389.97
Over 3 years	23,263.29	40.00	9,305.31	22,849.14	40.00	9,139.66
	253,249,190.55	0.05	131,822.26	227,370,469.62	0.03	69,260.67

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

1. Trade receivables *(continued)*

The movements in the provision for bad debts of trade receivables are as follows:

	Opening balance	Provision for the period/year	Reversal during the period/year	Closing balance
30 June 2023 (Unaudited)	12,446,137.96	62,561.59	(240,000.00)	12,268,699.55
31 December 2022 (Audited)	16,013,828.04	419,942.72	(3,987,632.80)	12,446,137.96

2. Other receivables

The ageing of other receivables is analysed below:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within 1 year	1,412,241.79	1,465,333.09
1 to 2 years	831,503.65	986,902.26
2 to 3 years	1,550,402.29	789,182.80
Over 3 years	4,895,620.19	4,896,047.19
	8,689,767.92	8,137,465.34
Less: Provision for bad debts of other receivables	2,488,941.29	2,488,941.29
	6,200,826.63	5,648,524.05

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

2. Other receivables *(continued)*

Other receivables by nature are as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Employees' borrowings	188,119.03	179,163.63
Deposits and others	8,501,648.89	7,958,301.71
	8,689,767.92	8,137,465.34

The movements in the provision for bad debts of other receivables made according to an amount equal to lifetime expected credit losses are as follows:

	Stage 1 Expected credit losses over the next 12 months	Total
At 1 January 2023 (Audited)	2,488,941.29	2,488,941.29
Provision for the period	-	-
Reversal during the period	-	-
Transfer during the period	-	-
Write-off during the period	-	-
At 30 June 2023 (Unaudited)	2,488,941.29	2,488,941.29

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

2. Other receivables *(continued)*

The movements in the provision for bad debts of other receivables made according to an amount equal to lifetime expected credit losses are as follows: *(continued)*

	Stage 1 Expected credit losses over the next 12 months	Total
At 1 January 2022 (Audited)	2,488,941.29	2,488,941.29
Provision for the year	–	–
Reversal during the year	–	–
Transfer during the year	–	–
Write-off during the year	–	–
At 31 December 2022 (Audited)	2,488,941.29	2,488,941.29

The movements in the provision for bad debts of other receivables are as follows:

	Opening balance	Provision for the period/year	Reversal during the period/year	Closing balance
30 June 2023 (Unaudited)	2,488,941.29	–	–	2,488,941.29
31 December 2022 (Audited)	2,488,941.29	–	–	2,488,941.29

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

3. Long-term equity investments

For the six months ended 30 June 2023 (Unaudited)

	Opening balance	Current period movements		Closing balance	Provision for impairment at the end of the period
		Increase	Decrease		
Associate 天津市濱海燃氣有限公司	54,902,040.73	2,089,038.96	(195,568.75)	56,795,510.94	-
Subsidiaries 天津天聯節能科技有限公司	20,000,000.00	-	-	20,000,000.00	(20,000,000.00)

2022 (Audited)

	Opening balance	Current year movements		Closing balance	Provision for impairment at the end of the year
		Increase	Decrease		
Associate 天津市濱海燃氣有限公司	49,135,974.84	5,925,616.57	(159,550.68)	54,902,040.73	-
Subsidiaries 天津天聯節能科技有限公司	20,000,000.00	-	-	20,000,000.00	(20,000,000.00)

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

3. Long-term equity investments *(continued)*

Provision for impairment of long-term equity investments is as follows:

For the six months ended 30 June 2023 (Unaudited)

	Opening balance	Increase	Decrease	Closing balance
天津天聯節能科技有限公司	20,000,000.00	-	-	20,000,000.00
	20,000,000.00	-	-	20,000,000.00

2022 (Audited)

	Opening balance	Increase	Decrease	Closing balance
天津天聯節能科技有限公司	20,000,000.00	-	-	20,000,000.00
	20,000,000.00	-	-	20,000,000.00

4. Revenue and cost of sales

	For the six months ended 30 June 2023 (Unaudited)		For the six months ended 30 June 2022 (Unaudited)	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	913,834,027.90	953,214,971.97	911,796,704.56	920,602,818.24

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

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

Revenue is stated as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue from contracts with customers	913,834,027.90	909,961,842.16
Rentals	–	1,834,862.40
	913,834,027.90	911,796,704.56

Disaggregation of revenue from contracts with customers is as follows:

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Revenue recognition		
Revenue recognised at a point in time		
Sales of piped gas	900,244,924.09	891,708,978.97
Sales of gas appliances and others	1,141,592.92	870,775.36
Revenue recognised over time		
Gas connection income	12,423,654.48	17,199,445.94
Gas transportation	23,856.41	182,641.89
	913,834,027.90	909,961,842.16

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

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

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

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Sales of piped gas	161,641,722.06	159,854,403.01
Gas connection income	10,629,602.43	49,313,056.36
Sales of gas appliances and others	1,189,110.78	5,393,930.34
	173,460,435.27	214,561,389.71

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

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

Information about the Company's performance obligations is summarised below:

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.

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.

Gas connection

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required before rendering the services.

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the six months ended 30 June 2023

(Expressed in Renminbi Yuan)

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

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

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.

As at 30 June 2023, the transaction price allocated to the remaining performance obligation was RMB229,842,654.59 (31 December 2022: RMB291,442,293.03) and the Company will recognise this amount as revenue in future upon delivery of the products or based on the progress of completion of gas connection.

5. Investment income

	For the six months ended 30 June 2023 (Unaudited)	For the six months ended 30 June 2022 (Unaudited)
Profit from long-term equity investments under the equity method	2,089,038.96	3,963,932.66

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the first half of 2023, with the Group having mostly recovered from COVID-19 pandemic that created a challenging environment for its business, the Board and the management have committed to re-establish the sustainable development of the Group by enhancing the revenue-earning potential of the Group through promotion of value-added services to existing customers and looking for new markets on the one hand, and managing the expenses of the Group through optimizing the cost efficiency and streamlining daily operations of the Group on the other hand.

FINANCIAL REVIEW

For the first half of 2023, the Group reported a revenue of approximately RMB913,834,000 (first half of 2022: RMB911,797,000), representing an increase of approximately 0.22% as compared with the corresponding period of last year. A gross loss of approximately RMB40,121,000 was recorded for the first half of 2023 (first half of 2022: gross loss of RMB9,461,000).

During the first half of 2023, the Group recorded a loss before tax from continuing operations of approximately RMB35,065,000 (first half of 2022: profit before tax from continuing operations of approximately RMB1,123,000), and a loss attributable to shareholders of the parent of approximately RMB25,864,000 (first half of 2022: net profit attributable to shareholders of the parent of RMB1,773,000). The above changes are mainly due to (among other things): (i) the rise in the gas sourcing price in the 2022-2023 heating season of the upstream gas source entity due to the impact of the rise in global natural gas price; and (ii) a reduced sales volume of gas in the first half of 2023 caused by the impact of the adjustment of heating time in Tianjin City and the reduction in gas demand of major users.

Segmental Information Analysis

During the first half of 2023, the Group has continued to implement its formulated development strategies to provide piped gas connections to the users in the Group's operational locations in Tianjin City and Jining, Inner Mongolia. Sales of piped gas is the major source of income for the Group, followed by gas connection and others.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Liquidity, Financial Resources and Capital Structure

As at 30 June 2023, total equity attributable to shareholders of the Company amounted to approximately RMB1,560,038,000 (31 December 2022: RMB1,586,396,000). As at 30 June 2023, the Company had a registered capital of RMB183,930,780 (comprising 1,839,307,800 ordinary shares with a nominal value of RMB0.1 each (the “Share(s)”), which consisted of 1,339,247,800 domestic shares (“Domestic Share(s)”) and 500,060,000 H shares (“H Share(s)”). The Group is generally funded by equity financing. As at 30 June 2023, the Group did not have any bank borrowings (31 December 2022: Nil).

As at 30 June 2023, the Group had net current assets of approximately RMB633,946,000 (31 December 2022: RMB653,587,000), including cash and cash equivalent of approximately RMB624,662,000 (31 December 2022: RMB964,053,000) which was principally denominated in Renminbi.

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

Significant Investments

The Board has adopted a policy for investment that on the premise that the Company can carry on its operations normally, for the purpose of increasing the utilisation of capital, the Company intends to purchase principal-guaranteed wealth management products and structured deposit products with its idle funds and the total purchase amount of which shall not exceed RMB1 billion. The general manager of the Company has been authorised by the Board to confirm with the banks/financial institutions the types, amounts, periods and other relevant details of the wealth management products and structured deposit products to be subscribed and to sign on behalf of the Company relevant legal documents with the banks/financial institutions in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the articles of association of the Company and other laws and regulations.

The Group did not hold any significant investments for the first half of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Material Acquisition and Disposal

During the first half of 2023, there had been no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

Future Plans for Material Investments or Capital Assets

The Group had no specific plan for material investments or capital assets that have been approved by the Board as of 30 June 2023.

Charges on the Group's Assets

As at 30 June 2023, none of the Group's assets was pledged as security for liability.

Gearing Ratio

The Group's gearing ratio (total liabilities to total asset ratio) as at 30 June 2023 was approximately 0.24 (31 December 2022: 0.37).

Contingent Liabilities

As at 30 June 2023, the Group had no material contingent liabilities or guarantees (31 December 2022: Nil).

Treasury Policy

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Staff and Emolument Policy

As at 30 June 2023, the Group had a workforce of 661 full-time employees (30 June 2022: 717). Total staff costs amounted to approximately RMB54,696,000 for the first half of 2023 (first half of 2022: RMB58,791,000).

Emoluments of employees are determined pursuant to the 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.

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

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

DIVIDEND

No dividends were declared or proposed during the first half of 2023. The Directors do not recommend an interim dividend for the first half of 2023 (first half of 2022: Nil).

PROSPECTS

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

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Natural gas is expected to become a main fuel of urban residents. In respect of the transportation area, natural gas will become the main fuel for most taxis in middle or small-scale cities and bus in large and medium-scale cities will also gradually become clean gas-fueled. Liquefied natural gas (LNG) vehicles will further expand to intercity coaches and heavy trucks, and the application of LNG to ships and trains will begin. Natural gas will become a competitive fuel in public transportation. In respect of the industrial field, the progress of substituting natural gas as industrial fuel will be fully accelerated, especially in Bohai Bay Rim area, where coal-burning boilers will be substituted, and traditional industries, such as iron, steel and ceramics etc, will be upgraded so as to manage air pollution, and central and western regions where the industrial structure of traditional industries will be transferred to. As such, the natural gas consumption in industrial field will be promoted. In respect of natural gas power generation, natural gas peak power stations will be orderly developed and natural gas distributed energy development will be the priority in air pollution control districts such as Beijing, Tianjin, Hebei and Shandong, Yangtze River delta and the Pearl River delta.

Looking ahead, based on the analysis in respect of external environment and inner abilities as well as resources, the Company is positioned as a clean energy integrated solution provider, aiming to maximise returns for its shareholders. The Company plans to expand in the following areas:

- on the premise of ensuring the strategic direction and business needs, lay emphasis on five principles, which are strategic orientation, economical efficiency, financing matching, risk prevention and order of priority, to achieve continuing growth of net cash flows;
- continue to improve the financial management system, with a view to reduce operating costs, and maximise the benefits from project operations;
- continue to strengthen the support of scientific and technological innovation to the businesses of the Company, enhance the introduction and development of advanced technologies, as well as apply such advanced technologies to the production management and the internal management;

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

- continue to improve the operation management system and mechanism, with emphasis on operation security, optimise management methods and means and promote the pre-control safety management, so as to ensure safe operation; and
- continue to strengthen the talent team construction, drive management change with strategic change, expand existing businesses with incremental business and inspire employees with entrepreneurial teams, so as to contribute a chain reaction to the corporation.

In the second half of 2023, the Company will (i) focus on tackling the issue of gas source by taking multiple measures to explore new sources; (ii) prioritize market expansion and develop new customers, further explore potential large users by identifying users' needs in the current market share, thereby defending the established markets; (iii) improve internal management and reduce administrative expenses; (iv) promote value-added services and strive to create new momentum for corporate growth; and (v) consider the resumption of the purchase of wealth management products or explore new financial products, when appropriate, to enhance its capital yield.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the Interim Period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 June 2023, the interests and short positions of the Directors, chief executives and supervisors of the Company (the "Supervisors") in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and Supervisors as referred to in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

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

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

Save as disclosed above, as at 30 June 2023, none of the Directors, chief executives and Supervisors of the Company had interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and Supervisors as referred to in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Substantial Shareholders and Other Persons

So far as is known to the Directors, as at 30 June 2023, the following persons (not being a Director, chief executive or Supervisor of the Company) had notified the Company of its interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO:

Substantial Shareholders

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

Name	Capacity	Number of Domestic Shares interested	Approximate percentage of interests in the Company/ Domestic Shares
Jinran China Resources Gas Co., Ltd. (津燃華潤燃氣有限公司)	Beneficial owner	1,297,547,800	70.54%/96.89%
Tianjin Gas Group Company Limited ("Tianjin Gas") 天津市燃氣集團有限公司 (note 1)	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
Tianjin Energy Investment Company Limited ("Tianjin Energy") 天津能源投資集團有限公司 (note 1)	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Name	Capacity	Number of Domestic Shares interested	Approximate percentage of interests in the Company/ Domestic Shares
Tianjin State-owned Capital Investment Management Co., Ltd. ("Tianjin Capital") 天津國有資本投資運營有限公司 (note 1)	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
中國建設銀行股份有限公司天津市分行 (China Construction Bank Corporation (Tianjin Branch) ("CCB Tianjin") (note 2)	Other	1,297,547,800	70.54%/96.89%

Notes:

So far as the Company is aware of:

- As at 30 June 2023, 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.
- On 6 May 2020, Tianjin Capital has charged 100% equity interest in Tianjin Energy to CCB Tianjin. Therefore CCB Tianjin is taken to be interested in all the Domestic Shares Tianjin Gas is interested in for the purpose of the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Other Persons

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

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

Notes:

So far as the Company is aware of:

1. Mr. Liu Hei Wan and Ms. Law Suet Yi jointly held 14,500,000 H Shares.
2. The Waterfront Development Group Limited is wholly-owned by Mr. Liu Hei Wan. Therefore, Mr. Liu Hei Wan is deemed, or taken to be, interested in the 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 the Shares in which Mr. Liu Hei Wan is interested for the purposes of the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Save as disclosed above, as at 30 June 2023, no other interests required to be recorded in the register required to be kept under section 336 of the SFO have been notified to the Company.

Pledging of Shares by the Controlling Shareholder

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

Directors' and Supervisors' Interests in Contracts

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

Corporate Governance

For the Interim Period, the Company complied with all the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules.

Arrangements to Purchase Shares or Debentures

At no time during the Interim Period was the Company or its subsidiaries a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Securities Transactions by Directors and Supervisors

The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules has been adopted as a code of securities transactions for Directors and Supervisors of the Company (the “Code”). The Company, having made specific enquiries with the Directors and Supervisors, confirms that, during the Interim Period, all the Directors and Supervisors have complied with the required standards set out in the Code for securities transactions by the Directors and Supervisors.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, namely Mr. Guo Jia Li, Mr. Zhang Ying Hua and Mr. Yu Jian Jun. 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 this report and the Group’s unaudited interim results for the Interim Period.

SIGNIFICANT EVENTS DURING AND AFTER THE INTERIM PERIOD

Change of Auditors

Upon expiration of its term of office and with effect from the conclusion of the annual general meeting of the Company held on 27 June 2023, Ernst & Young Hua Ming LLP retired as the independent auditor of the Company. With the recommendation of the audit committee of the Company and the approval of the shareholders of the Company, KPMG Huazhen LLP has been appointed as the new independent auditor of the Company.

There are no disagreements or outstanding matters between the Company and Ernst & Young Hua Ming LLP, and there are no circumstances connected with their retirement that need to be brought to the attention of the shareholders of the Company. Ernst & Young Hua Ming LLP had been providing audit work for the Company for consecutive financial years, and a new selection process of auditors was therefore conducted to further facilitate the independence and objectivity of the Company’s audit process and the audit quality of the Company’s financial statements. See also the Company’s circular dated 12 May 2023 for more information.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Approval of the Company's "14th Five-Year" Development Plan

The 14th Five-Year Development Plan of the Company has been approved by the shareholders of the Company in the annual general meeting of the Company held on 27 June 2023. See also the Company's circular dated 12 May 2023 for more information.

Change of Members of Senior Management

Ms. Zhao Fengli has been appointed as the financial controller and general compliance consultant of the Company in place of Ms. Du Bing with effect from 12 June 2023, and Mr. An Jing Peng has been appointed as a deputy general manager of the Company with effect from 20 July 2023. See also the Company's announcements dated 12 June 2023 and 20 July 2023 for more information.

Continuing Connected Transactions

Renewal of engineering works framework agreement with Jinran China Resources

The engineering works framework agreement dated 15 December 2021 (as supplemented) entered into between the Company and Tianjin Energy Investment Company Limited in respect of the provision of construction and design services for pipelines and supporting facilities to the Group expired on 31 December 2022. On 18 January 2023, the Company and Jinran China Resources Gas Co., Ltd ("Jinran China Resources", a controlling shareholder of the Company) entered into a new engineering works framework agreement regarding the provision of construction and other services by Jinran China Resources and/or its associated companies to the Group for the three years ending 31 December 2025 (the "New Framework Agreement"). The annual caps under the New Framework Agreement (in terms of total settlement amount) are RMB141 million, RMB124 million and RMB77 million for the years ending 31 December 2023, 2024 and 2025, respectively. The New Framework Agreement was subject to (among other things) the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. The New Framework Agreement was approved by the independent shareholders of the Company at an extraordinary general meeting held on 20 March 2023. See also the Company's circular dated 24 February 2023 for more information.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Procurement of Gas Meters from Tianjin Yumin

On 13 February 2023, the Company and Tianjin Yumin Gas Meter Co., Ltd (“Tianjin Yumin”) entered into a procurement contract pursuant to which Tianjin Yumin agreed to supply to the Company IoT (internet of things) gas meters (the “Procurement Contract”). The annual caps under the Procurement Contract are RMB22 million, RMB2.048 million and RMB2 million for the years ending 31 December 2023, 2024 and 2025, respectively. The Procurement Contract (when aggregated with other procurement of gas meters by the Group from Tianjin Yumin) was subject to (among other things) the reporting, announcement, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules. The Procurement Contract was approved by the independent shareholders of the Company at an extraordinary general meeting held on 20 March 2023. See also the Company’s circular dated 24 February 2023 for more information.

Potential Disposal of Assets of Jining Branch Company

References are made to the announcements of the Company dated 4 September 2020 and 24 September 2020 in relation to the potential disposal of all the assets and liabilities of Jining Branch of the Company through listing-for-sale at the Tianjin Property Rights Exchange (excluding the outstanding amount due from Jining Branch to the Company). The Company resolved to adjust the base price for such potential disposal from approximately RMB103,080,200 to approximately RMB91,332,200. Further information is set out in the Company’s announcement dated 20 August 2021. The Company will make further announcement(s) as and when appropriate in compliance with the Listing Rules and/or the Inside Information Provisions (as defined under the Listing Rules) (if required).

By Order of the Board

Tianjin Jinran Public Utilities Company Limited

Chen Tao

Chairman of the Board

Tianjin, the People’s Republic of China, 28 August 2023

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

As at the date of this report, the Board comprises three executive Directors, namely Mr. Chen Tao (Chairman of the Board), Ms. Tang Jie and Mr. Sun Liangchuan, three non-executive Directors, namely Ms. Wu Fang, Ms. Guan Na and Mr. Zhang Jinghan, and three independent non-executive Directors, namely Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li.

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

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

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