中油潔能

Sino Gas Holdings Group Limited
中油潔能控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1759

2023

ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ji Guang *(Chairman)*
Ms. Ji Ling *(Vice-Chairman and Chief Executive Officer)*
Ms. Cui Meijian
Mr. Zhou Feng

Independent Non-executive Directors

Mr. Sheng Yuhong
Mr. Wang Zhonghua
Dr. Zheng Jian Peng

AUDIT COMMITTEE

Dr. Zheng Jian Peng *(Chairman)*
Mr. Wang Zhonghua
Mr. Sheng Yuhong

REMUNERATION COMMITTEE

Mr. Wang Zhonghua *(Chairman)*
Dr. Zheng Jian Peng
Mr. Sheng Yuhong

NOMINATION COMMITTEE

Mr. Sheng Yuhong *(Chairman)*
Dr. Zheng Jian Peng
Mr. Wang Zhonghua

COMPANY SECRETARY

Ms. Chow Yuk Yin Ivy (with effect from 27 June 2023)
Ms. Chan Sze Ting (up to 27 June 2023)

AUTHORISED REPRESENTATIVES

Ms. Ji Ling
Ms. Chow Yuk Yin Ivy (with effect from 27 June 2023)
Ms. Chan Sze Ting (up to 27 June 2023)

REGISTERED OFFICE

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Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1115, 11/F, Tower 3
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Tsim Sha Tsui, Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITORS

Mazars CPA Limited
Certified Public Accountants
42/F, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

HONG KONG LEGAL ADVISER

WAN & TANG
2408, World-Wide House
19 Des Voeux Road Central
Central, Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Co., Ltd.
  Guangzhou Liuhua Branch
Bank of China Zhuhai Branch
China Construction Bank Co., Ltd.
  Guangzhou Conghua Branch

COMPANY'S WEBSITE ADDRESS

www.sinogasholdings.com

STOCK CODE

1759

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Sino Gas Holdings Group Limited (the "**Company**"), I am pleased to present our audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**our**") for the year ended 31 December 2023.

In 2023, with prevention and control of the pandemic entering into a new stage, economic recovery has become the key word of major economies. However, the overlay effects from multiple factors such as the lingering threat of Covid-19, the unresolved conflict between Russia and Ukraine, the Israeli-Palestinian resuming war, inflation, trade friction, the Federal Reserve's interest rate hike, production cut of Organisation of the Petroleum Exporting Countries (the "**OPEC**"), and production and supply chain risks have been challenging the resilience and recovery momentum of each country's economy. Against the backdrop of the global economic downturn, China's economy still demonstrated its status of economic growth engines, resisting internal and external pressures, the national economy recovered steadily, steady progress was made in high-quality development, thereby successfully achieved the main projected targets. As of 31 December 2023, China recorded a GDP of RMB126,058.2 billion, representing an increase of 5.2% as compared to the previous year, with up by 2.2% in terms of growth rate as compared with 2022.

In 2023, the liquefied petroleum gas ("**LPG**") prices trend in domestic market kept pace with that of international crude oil market. In the first quarter, the strong travel demand was released after the relaxation of Covid-19 pandemic prevention and control policies, which in turn boosted the domestic LPG price; in the second quarter, influenced by the international LPG situation, LPG prices fluctuated downward with a weakening trend; in the third quarter, the LPG market showed sufficient resilience with chemical demand surging, successfully covering the weak combustion demand, and the price of LPG began to rebound from the bottom. Entering the traditional peak heating season in the fourth quarter, rising combustion demand took over the chemical demand and supported the LPG market. In terms of natural gas, the macro economy remained generally positive, gas prices in the international market declined significantly, and the natural gas consumption began to rebound. Consumption in the four major gas consumption fields, including town gas, industrial fuel, power generation and chemical industries increased, in which town gas plays a leading role in the growth of natural gas consumption, accounting for 38.5% of total natural gas consumption, up by 0.4% compared with 2022.

The year 2023, for us who have been devoted to LPG and natural gas for 18 years, was also a year of overcoming difficulties and braving challenges. During the year, the Group's procurement volume and sales volume both decreased due to the increase in suppliers' self-consumption and the decrease in the volume of some refineries and terminals' maintenance. However, we actively sought for changes, reforms and innovation, and formulated a market-oriented marketing strategy which was in line with the Group's own realities and responded to the market conditions, and endeavored to enhance our ability to procure gas and stabilize gas price, so as to minimize the impact caused by external factors on the Group's business. We would actively manage suppliers and customers to ensure the collection of accounts receivable and enhance the Company's ability to resist risks. We improved service and management by leveraging on its own online management platform. We stepped up our efforts to reduce costs and improve efficiency, and made great efforts in budgetary control and cost mining which were conducive to achieving the stable growth target. In the face of the complex and volatile market environment, we pursued progress while ensuring stability, which required us to put equal emphasis on safety and development. Both management and frontline staff must receive the job-related knowledge training on regular basis to ensure that necessary work-related skills would be strengthened to avoid unnecessary risks in their daily work, and improved the risk identification and assessment mechanism for production safety, operation safety and business safety, so as to respond and feedback in a timely manner to minimize the impact on the Company. With respect to ESG, for the sake of striking a balance among business needs, social demands and environmental impacts, the Group was committed to continuously monitoring the risks and opportunities which exist in its daily operations. Meanwhile, the Group adopts transparent corporate culture to ensure that its sustainability strategies were well conveyed to its employees, customers, the communities and other stakeholders.

CHAIRMAN'S STATEMENT

As we enter 2024, the global environment remains complex, geopolitical situations continuously exert pressure on energy markets, and economic growth will slow down even more. Although the prospect remains gloomy, the Chinese government is actively adopting measures combing policy support and market orientation to stimulate economic growth. The Central Economic Work Conference held on 12 December 2023 comprehensively summarized the economic situation in 2023 and systematically deployed the economic work in 2024. Among them, it was pointed out at the conference that it needs to acquire a deeper understanding of the laws governing economic work in the new era following the epidemic, enhance the consistency of macro policy orientation, strive to expand domestic demand, promote sound flows of the national economy, and enhance the resilience of the national economy resisting external risks. The energy market is expected to rebound steadily in 2024 and the structural imbalance between supply and demand will be effectively alleviated. Despite of uncertainties in the market, the Group will pay close attention to the market and industry development momentum and seize the market opportunities to realize the Company's steady development and bring sustainable returns to our shareholders leveraged on the Group's business situation and good reputation in the industry.

Finally, on behalf of all members of the Board, I would like to take this opportunity to express my heartfelt gratitude to our suppliers, customers and business partners for their strong support and faith for the Group over the past year. I would also like to express my sincere gratitude to the management and all staff of the Group for their hard work and contribution during the year.

Ji Guang
Chairman

27 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Although geopolitical events continue to impact the security of global trade and industrial chains, the domestic economy still maintains an overall upward and positive momentum amid the complex and severe international landscape. The domestic GDP exceeded RMB126 trillion in 2023 up by 2.2% in terms of growth rate as compared with 2022.

In terms of LPG, the prices of international crude oil fluctuated substantially and the LPG prices in domestic market kept pace with that due to the continuous rising interest rates by Federal Reserve and the European Central Bank, further production cut of OPEC+ and renewed geopolitical tension during the year. On the whole, the supply and demand of domestic LPG increased during the year. In the aspect of supply, with the transformation of the energy mix becoming mainstream worldwide, the integration of refineries and chemical industries signified a trend in days to come and a jump in LPG production capacity in the following years. When it comes to demand, the extensive demand of gas released after the relaxation of pandemic prevention and control. The apparent consumption of LPG in 2023 is estimated to be 83,997,500 tonnes, representing a year-on-year increase of 12.41%. The demand for LPG in chemical sector has exceeded the demands in civil, industrial, commercial and vehicular sectors, which has become the main growth engine of domestic LPG consumption. During the year, on the one hand, the Group endeavored to further deepen and expand its market in Southern China, and proactively push forward with its business network programs by leveraging on its well-established business foundation and brand reputation. On the other hand, we were committed to expanding our pipelines for gas source procurement, stabilizing gas prices by building a scientific and rational procurement matrix and strengthening the infrastructure of our terminals. Increasing investment in storage and transportation facilities by means of the rational optimization of terminals, logistics vehicles and gas resources has laid a solid foundation for the Group to increase its market share and further ensure the stability of people's livelihood. The Group also actively researched and developed its own management platform so as to comprehensively realize standardized, internet-empowered and detail-oriented corporate management, meanwhile, improving the level of its safety management and strengthening its safety control.

In terms of natural gas, the supply and demand are generally stable throughout the domestic natural gas industry. On the supply side, in 2023, the domestic natural gas supply maintained stable and energy security continued to improve with the domestic natural gas output amounting to 235.3 billion cubic meters, up by over 10 billion cubic meters for seven consecutive years. On the demand side, the apparent consumption for domestic natural gas in 2023 reached 394.53 billion cubic meters, representing a year-on-year increase of 7.6%. The natural gas consumption began to rebound with its focus on recovery and continued to grow steadily, with the overall increase of demand for urban gas, industry, power generation and chemicals. The development of the natural gas industry is in line with the green development concept of carbon peaking and carbon neutrality. During the year, China effectively coordinated the development of security and green transformation, and actively promoted green and low-carbon development while continuously enhancing its capacity of independent security for energy. The second meeting of the Central Commission for Comprehensively Deepening Reform (CCCDR) deliberated and approved Guideline for Deepening Reform of the Oil and Natural Gas Market System and Strengthening the Capacity for National Oil and Gas Security, which clearly pointed out that, it is essential to focus on boosting the capacity to ensure oil and gas security, resolve prominent problems in the course of production and storage, promote the reform of the upstream, midstream and downstream systems and mechanisms in the oil and gas industry in a proactive and stable manner, in a bid to ensure a stable and safe oil and gas supply, which means the reform of the oil and gas system has entered a new stage. During the year, the Group prudently considered disruptive factors from macro level to micro level, relying on its advantage of its own mother station, terminal stations, logistics, and empowered by years of experience in the industry and formulated robust marketing strategies, strengthened gas price adjustment and management, and maintain our existing market share, as a way to promote the in-depth integration and the extensive cooperation of the industrial chain.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an integrated LPG and natural gas supplier in the PRC with a complete industry chain that engages in the sales of LPG and natural gas in Guangdong Province, Henan Province and Hebei Province and the operation of vehicular refuelling stations (車用加氣站) and domestic stations (民用站) in Guangdong Province and Henan Province with over 18 years of proven track records in the industry.

(1) LPG Business

LPG could be commonly used as fuel sources for cooking or heating appliances. As at 31 December 2023, the Group owned an LPG terminal with storage facilities and 3 LPG domestic stations through Jiangmen Xinjiang Gas Company Limited* (江門市新江煤氣有限公司) ("**Jiangmen Xinjiang Gas**", a jointly-controlled entity) in Jiangmen, Guangdong Province.

The Group possesses a comprehensive business model in our LPG business. Our upstream procurement of LPG consists of large scale LPG domestic gas suppliers with their own terminal and storage which mainly import LPG from overseas, and domestic petrochemical refineries. With the delivery of our intermediary logistics (including vehicles or gas carrier ships designated for LPG use), the Group is able to provide LPG to our customers including LPG domestic stations and wholesale customers, and our customers mainly consist of wholesale customers.

For the year ended 31 December 2023, the Group has recorded the LPG sales revenue of approximately RMB1,147.1 million, representing a decrease of approximately RMB512.5 million as compared to approximately RMB1,659.6 million in 2022. The decrease in revenue was mainly due to decreases in sales volume and unit selling price of LPG.

(2) CNG Business

Compressed natural gas ("**CNG**") is widely used in short-distance vehicles such as local buses and private vehicles. As at 31 December 2023, we had 12 CNG vehicular refuelling stations, 1 liquefied-to-compressed natural gas (the "**L-CNG**") vehicular refuelling station and 3 CNG mother stations in Henan Province. In 2023, we added and piloted a CNG vehicle refuelling station in Zhengzhou.

The CNG business model is well supported by our upstream suppliers primarily consisting of PetroChina Company Limited ("**PetroChina**"), which utilises the West to East Gas Transmission Tunnel (西氣東輸管道) to supply to our CNG mother stations, with our own logistics fleet being the major logistic system for distribution to the location of our CNG vehicular refuelling stations and the locations of our customers while some of our wholesale customers may also arrange for their own logistics arrangement. Our downstream portfolio consists of CNG vehicular refuelling stations and our customers consist of a variety of retail and wholesale customers.

For the year ended 31 December 2023, the Group has recorded the CNG sales revenue of approximately RMB244.0 million, representing a decrease of approximately RMB24.7 million as compared to approximately RMB268.7 million in 2022. The decrease in revenue was mainly due to decrease in sales volume and unit selling price of CNG during the year.

(3) LNG Business

The liquefied natural gas (the "**LNG**") refuelling market in China is still at an emerging stage due to its relatively high cost to process, liquefy and store compared with CNG. With the support of China government policies, the development and promotion of LNG has developed rapidly, especially with the rising demand for LNG in the industrial and power generation industries, which has laid a solid foundation for the growth of LNG. As at 31 December 2023, we had 1 L-CNG vehicular refuelling station in Henan Province.

For our LNG business model, the Group possesses strong upstream procurement suppliers formed by large-scale LNG terminal companies. As vehicles containing special cryogenic storage facilities and tanks for LNG use are required for transportation of LNG, the Group uses the third party logistics service providers to transport our LNG to our LNG vehicular refuelling stations and to our wholesale customers. Meanwhile, the downstream portfolio consists of the LNG vehicular refuelling stations and our customers consist of retail and wholesale customers.

For the year ended 31 December 2023, the Group has recorded the LNG sales revenue of approximately RMB4.3 million, representing a decrease of approximately RMB6.3 million as compared to approximately RMB10.6 million in 2022. The decrease in revenue was mainly due to the decrease in the sales volume of LNG during the year.

(4) Overall Business

For the year ended 31 December 2023, the Group has recorded revenue of approximately RMB1,406.1 million, representing a decrease of approximately RMB541.8 million as compared to approximately RMB1,947.9 million in 2022. The decrease in revenue was mainly due to the decrease in sales volume and unit selling price of LPG and CNG during the year.

As at 31 December 2023, we operated a total of 19 gas refuelling stations and 3 petroleum refuelling stations, three of which are jointly-controlled gas refuelling stations in Jiangmen, Guangdong Province.

As at 31 December 2023, the number of our gas refuelling stations and petroleum refuelling stations in operation are set out below:

	As at 31 December 2023	As at 31 December 2022
Gas refuelling stations		
LPG station	**3**	3
CNG station	**12**	11
L-CNG station	**1**	1
CNG mother station	**3**	3
Total number of gas refuelling stations	**19**	18
Petroleum refuelling stations		
Petroleum refuelling stations	**3**	3
Total	**22**	21

MANAGEMENT DISCUSSION AND ANALYSIS

Meanwhile, as at 31 December 2023, the breakdown of our gas refuelling stations and petroleum refuelling stations in operation by cities and provinces are set out below:

City, Province	LPG refuelling stations	CNG refuelling stations	L-CNG refuelling stations	Petroleum refuelling stations	Total number of stations
Jiangmen, Guangdong Province	3[1]	0	0	0	3
Total number of stations in Guangdong Provinces	3	0	0	0	3
Zhengzhou, Henan Province	0	9[2]	0	1	10
Zhumadian, Henan Province	0	3[3]	0	2	5
Xinzheng, Henan Province	0	3[4]	1	0	4
Total number of stations in Henan Province	0	15	1	3[5]	19
Total	3	15	1	3	22

Notes:

1. These three civil refuelling stations are possessed by Jiangmen Xinjiang Gas, the jointly-controlled entity of the Company.

2. During the year, we added one CNG vehicle refueling station in Zhengzhou, Henan Province.

3. It comprises one CNG mother station in Zhumadian City, Henan Province.

4. It comprises two CNG mother stations in Xinzheng City, Henan Province.

5. One of the petroleum refuelling stations is operated by an independent third party.

The revenue by product mix for the years ended 31 December 2023 and 2022 are summarised below:

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Sales volume (Note)	Revenue (RMB'000)	Percentage of revenue (%)	Sales volume (Note)	Revenue (RMB'000)	Percentage of revenue (%)
Retail						
LPG	–	–	0.0%	800	6,805	0.3%
CNG	53.1	214,316	15.2%	53.9	236,210	12.1%
LNG	749	3,956	0.3%	1,041	7,256	0.3%
Sub-total		218,272	15.5%		250,271	12.7%
Wholesale						
LPG	250,860	1,147,077	81.6%	307,702	1,652,837	84.9%
CNG	9.3	29,686	2.1%	9.0	32,486	1.7%
LNG	103	337	0.0%	684	3,334	0.2%
Others		10,740	0.8%		9,018	0.5%
Sub-total		1,187,840	84.5%		1,697,675	87.3%
Total		1,406,112	100.0%		1,947,946	100.0%

Note: Sales volume for LPG and LNG are measured in tonnes and sales volume for CNG is measured in million cubic metres.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND PROSPECTS

At present, the global economy is recovering slowly after several years of the epidemic spread. With the continuous release of energy demand, the concepts of low carbonization, decarbonization and low pollution are springing up around the world, which requires the energy mix to be developed towards the diversification, and the reform of the energy mix will also contribute to making progress in building dual carbon system. LPG and natural oil are clean and efficient energy sources, which can promote the smooth transition of the domestic energy mix, and are an indispensable part of the energy and gas industry.

In terms of LPG, the international economic and political landscape in 2024 remains quite complex, with geopolitical conflicts difficult to be properly resolved in the short term, and the influence of OPEC's control of production on the trend of oil prices continues, which will also influence the price of LPG. In 2024, the domestic market will be dominated by the increase in supply and demand. It is expected that the growth rate of domestic supply keeps stable and imports will continue to rise, and domestic production capacity will continue to increase, and the newly commissioned integrated refinery and chemical plants have become a development trend in the petrochemical industry. In 2024, on the one hand, the Group will continue to integrate the resources of the upstream, midstream and downstream industry chain, promote and upgrade the construction of terminal supply and storage infrastructure, and optimize the logistics and transportation team. On the other hand, we will continue to leverage on the resources we have accumulated over the years in Southern China to further explore new growth areas for our results and business diversification, broaden our procurement and sales pipeline, and enhance the quality of customer services. Additionally, the Group will continue to explore platform for digitalization technology management to improve the quality and efficiency of the enterprise, enhance the standard of safety management and scientific management. The Group will proactively improve safety management, enhance the skills of on-the-job training, and conduct immediate supervision under the environment of safe and stringent regulation.

In terms of natural gas, although there are many uncertainties in the macro factors, the domestic supply side will continue to maintain the growth level in 2024, and the demand for natural gas still maintains a medium-high growth rate. The new version of the "Policies on Natural Gas Utilization (Consultation Draft)" issued in 2023, promotes the high-quality development of the natural gas industry and encourages, guides and regulates the utilization of natural gas in the downstream field, which will be conducive to the realization of the goal of "carbon peaking and carbon neutrality". The natural gas market will be boosted by the increased demand for natural gas from the four major fields of urban gas, industrial fuel, energy consumption and chemical industry, coupled with the strong recovery of international trade, the obvious improvement of energy conservation and environmental protection awareness, the downward price of natural gas in the world, and the dividend release of the reform in the middle and lower reaches of the industrial chain. Looking forward to 2024, the Group will seize the opportunity for future reform and development of the natural gas industry on the one hand, it will maximize the utilization of benefits of reform to safe production, improve the risk identification mechanism, and strictly eliminate safety hazards in all aspects. On the other hand, we will continue to improve our own supply, storage, transportation and marketing system, continue to deepen industrial chain in the upstream, midstream and downstream area, further formulate high-quality gas supply service program, do well in marketing activities, and attract more customers. Meanwhile, we will actively participate in low-carbon transformation and accelerate the pace of transformation of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group has recorded revenue of approximately RMB1,406.1 million, representing a decrease of approximately RMB541.8 million as compared to approximately RMB1,947.9 million in 2022. The decrease in revenue was mainly attributable to the decrease in sales volume and unit selling prices of LPG and CNG during the year.

Revenue from contracts with customers within the scope of IFRS 15	2023 RMB'000	2022 RMB'000
LPG	**1,147,077**	1,659,642
CNG	**244,002**	268,696
LNG	**4,293**	10,590
Others	**10,740**	9,018
	1,406,112	1,947,946

Cost of Sales and Gross Profit

The Group's cost of sales primarily consisted of all costs of procuring LPG, CNG and LNG from the Group's suppliers and logistic services providers for transporting gases. The Group's cost of sales decreased by approximately RMB539.2 million from approximately RMB1,860.7 million in 2022 to approximately RMB1,321.5 million in 2023, which was mainly due to the decrease in the quantity and unit price of LPG and CNG during the year.

For the year ended 31 December 2023, the gross profit of the Group was approximately RMB84.6 million, representing a decrease of approximately RMB2.7 million as compared to approximately RMB87.3 million in 2022. The decrease in gross profit was due to the decrease in the sales volume of LPG.

Other Income

For the year ended 31 December 2023, the Group's other income amounted to approximately RMB23.8 million, representing an increase of approximately RMB1.6 million as compared to approximately RMB22.2 million in the corresponding period in 2022. This was mainly due to the increase in interest income during the year.

Staff Costs

For the year ended 31 December 2023, the Group's staff costs were approximately RMB31.1 million, representing a decrease of approximately RMB2.0 million as compared to approximately RMB33.1 million in 2022. This was mainly due to the reduction in number of employees of the Group during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation

For the year ended 31 December 2023, the depreciation of the Group was approximately RMB12.3 million, representing a decrease of approximately RMB3.8 million as compared to approximately RMB16.1 million in 2022. The decrease was mainly due to the disposal of assets by the Group at the previous year which led to a reduction of assets in current year.

Short-term Lease Charges

For the year ended 31 December 2023, the short-term lease charges of the Group was approximately RMB0.7 million, representing a decrease of approximately RMB1.2 million in the short-term lease charges of the Group as compared to approximately RMB1.9 million in 2022. This was mainly due to the mutual termination of the Group's short-term lease.

Other Operating Expenses

For the year ended 31 December 2023, the Group's other operating expenses were approximately RMB30.2 million, representing an decrease of approximately RMB2.9 million as compared to approximately RMB33.1 million in 2022. This was mainly attributable to decreases in vehicle expenses and advertising of the Group during the year.

Finance Costs

For the year ended 31 December 2023, the Group's finance costs were approximately RMB15.2 million, representing an increase of approximately RMB0.8 million as compared to approximately RMB14.4 million in 2022. This was mainly due to the increase in the amount of average bank borrowings of the Group during the year.

Profit Before Taxation

For the year ended 31 December 2023, the Group's profit before taxation was approximately RMB10.0 million, representing an increase of approximately RMB0.2 million as compared to approximately RMB9.8 million in 2022.

Income Tax Expenses

For the year ended 31 December 2023, the Group's income tax expenses was approximately RMB3.3 million, representing a decrease of approximately RMB0.4 million as compared to approximately RMB3.7 million in 2022.

Profit for the Year

On the basis of the aforementioned reasons, for the year ended 31 December 2023, the Group achieved a profit for the year of approximately RMB6.7 million, representing an increase of approximately RMB0.6 million as compared to approximately RMB6.1 million in 2022.

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

For the year ended 31 December 2023, the financial position of the Group remained stable. The total value of assets was approximately RMB955.9 million, representing an increase of approximately RMB8.0 million as compared to the total value of assets of approximately RMB947.9 million in 2022. The Group's cash was mainly held for working capital, gas facilities and transport equipment needs.

As at 31 December 2023, the Group had approximately RMB157.9 million in cash and bank balances.

Capital Expenditure

The capital expenditure of the Group was mainly related to the payments for purchase of property, plant and equipment amounted to approximately RMB1.8 million for the year ended 31 December 2023.

Interest-bearing Borrowings

The Group's interest-bearing borrowings as at 31 December 2023 and 2022 are summarised below:

	2023 **RMB'000**	2022 RMB'000
Secured bank loans and other borrowings	**507,500**	507,500

Gearing Ratio

The gearing ratio (calculated on the basis of the Group's total liabilities over total assets) was approximately 57.4% as at 31 December 2023 (31 December 2022: approximately 57.9%). The decrease in gearing ratio was mainly attributable to the increase in trade and other receivables and bank balances and cash.

Final Dividend

The Board has resolved not to declare the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had a total of 427 employees (2022: 434), including 86 employees (2022: 70) of our joint venture, Jiangmen Xinjiang Gas. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employees. The remuneration payable to its employees includes salaries and allowances. The Group attaches importance to the creation and devotion of employees, acknowledges the important position of talent resource in the development of business operation and is committed to develop and maintain good relationship with employees. The Group regularly organizes safety and skills training for its employees, and encourages its employees to attend industry-related seminars organized by professional institutions, in order to enhance the safety and technical capability of employees and promote their career growth and development.

USE OF PROCEEDS FROM THE LISTING

After deduction of all related listing expenses and commissions, the net proceeds from the listing of shares on the Main Board of the Hong Kong Stock Exchange on 28 December 2018 (the "**Listing**") amounted to approximately HK$120.3 million. Details of the proposed use of such net proceeds are disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company for the Listing and subsequently revised in the announcement issued by the Company dated 27 February 2020. As at 31 December 2023, the Group had utilized approximately HK$69.5 million, representing approximately 57.8% of the net proceeds from the Listing as follows:

Intended use of proceeds	Original allocation HK$ million	Revised allocation as at 27 February 2020[3] HK$ million	Utilisation as at 31 December 2023 HK$ million	Remaining balance as at 31 December 2023 HK$ million	Expected timeline for full utilisation of the remaining proceeds[4]
To acquire operating rights of an LPG domestic station[1]	20.5	20.5	0	20.5	By the end of 2026[1]
To strengthen our LPG logistics and storage capacity by constructing storage facilities[2]	21.7	21.7	0	21.7	By the end of 2026[2]
To complete construction, purchase land, equipment and machineries and installation for the new CNG mother station	27.7	14.5	14.5	0	Nil
To construct new refuelling stations, purchase and install their requisite equipment and machineries and perform maintenance of our existing refuelling stations	24.1	16.1	16.1	0	Nil
To increase our logistics capacity by purchasing additional vehicle fleets	14.4	14.4	5.8	8.6	By the end of 2026[6]
To finance the acquisition[3]	–	21.1	21.1	0	Nil
General working capital	12.0	12.0	12.0	0	Nil
Total	120.3	120.3	69.5	50.8[5]	

Notes:

1. Due to the slowdown in global economic growth and the sluggish business environment, the Group has not yet identified a suitable acquisition target. As the economic situation remains gloomy at present, the Group will identify suitable acquisition targets by adopting a prudent strategy. Therefore, the use of such proceeds is expected to be utilised by the end of 2026.

2. The construction of storage facilities are affected by the change of project progress, the slowdown in global economic growth, and the downturn in the business environment, the Group will delay the use of net proceeds accordingly and delay the construction of the storage facility by the end of 2026.

3. The Group acquired 50% of the equity interests of Henan Blue Sky Sino Gas Technology Company Limited and fully utilised the redistributed net proceeds at the end of March 2020. For details, please refer to the announcement of the Company dated 27 February 2020.

4. The expected timeline for full utilisation of the remaining proceeds is made based on the best estimation of the Group taking into account, among others, the prevailing and future market conditions and business developments and need, and therefore is subject to change.

5. As at 31 December 2023, the Group expected that, except for those described in the notes above, there will be no change in the planned use and timing of the use of proceeds from the Listing, and the unutilized net proceeds will be deposited into interest-bearing bank accounts.

6. The Group has not yet used up the proceeds, so the use of such proceeds is expected to be utilised by the end of 2026.

FOREIGN EXCHANGE EXPOSURE

As all of our operations are located in the PRC, all of the revenue from customers of the Group are derived from activities in the PRC.

The reporting currency of the Group is RMB. The Group has currency risk exposures arising from business operations and financial instruments that are denominated in a foreign currency, and such risk is primarily Hong Kong Dollar. In order to limit this foreign currency risk exposure, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate or entering into appropriate forward contracts when necessary.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position for the year ended 31 December 2023. Our finance department is responsible for treasury management functions, which include, amongst others, researching and sourcing investment options for further consideration by the general manager, financial controller and the Board, and monitoring the investments on a continuous basis.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2023, the Group held unlisted equity securities of approximately RMB25.4 million, which was a supplemental means to improve utilisation of our cash on hand.

For the year ended 31 December 2023, apart from the plans mentioned in section "Use of Proceeds from the Listing", the Group had no definite future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

For the year ended 31 December 2023, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

In 2019, a subsidiary of the Group has been claimed, as one of the co-defendants, to compensate for damages for the purpose of debt disputes between the plaintiff and other third parties. In 2020, a judgement was determined in favour of the subsidiary of the Group without liability. In 2021, the aforementioned judgement was revoked for a re-trial and subsequently was completed and determined that no liability was required for the Group in 2022. After the completion of re-trial, the plaintiff had further submitted an appeal on the judgement. In June 2023, the court determined again that the subsidiary of the Group should not have liability. As at the date of this annual report, the plaintiff has applied to High People's Court for a re-trial, but the trial result has not yet been reached. The maximum exposure of the Group under the claims may amount to approximately RMB69,350,000 (the "**Claim I**"). In accordance with legal advice sought, the Directors are of the view that the subsidiary will not be found liable to the Claim I.

In 2023, a subsidiary of the Group has also been claimed, as one of the co-defendants, to compensate for damages for the purpose of debt disputes between the plaintiff and other third parties. The maximum exposure of the Group under the claims may amount to approximately RMB14,053,937 (the "**Claim II**"). The case was heard in the first instance in November 2023 and has yet to be concluded. In accordance with legal advice sought, the Directors are of the view that the subsidiary will not be found liable to the Claim II by virtue of the resemblance between the Claim II and Claim I.

Accordingly, no provision has been made as at 31 December 2023.

PLEDGE OF ASSETS

As at 31 December 2023, RMB387,500,000 (2022: RMB427,500,000) of pledged and restricted deposits was pledged as securities for the Group's bank loans.

TAX RELIEF AND EXEMPTION

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

PRINCIPAL RISKS AND RISK CONTROL MECHANISM

The Group has implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including administration of daily operations, financial reporting and recording, treasury management, compliance with applicable laws and regulations on environmental protection, and operation safety. The Board oversees and manages the overall risks associated with our operations. We have established the audit committee of the Company (the "**Audit Committee**") to review and supervise the financial reporting process and internal control system of the Group. The management team of the Company is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner while the effectiveness of our risk management framework will be evaluated at least once a year, and periodic management meetings are held to update the progress of risk monitoring efforts by the Audit Committee and the Board. The Group monitors material risks and improves ability against risks by building standard norms and effective risk control mechanism.

Principal Risks

For the year ended 31 December 2023, the following principal risks of the Group were identified and classified as follows:

- The business of the Group is subject to the development of the PRC government policies and any future unfavourable policies may materially and adversely affect our business development and performance. We cannot predict future changes in laws and regulations or government policies, which may vary and are beyond the control of the Group;

- The Group is dependent on our major suppliers and any instability in or shortages of supply of LPG and LNG from our major suppliers could significantly and adversely affect our business;

- PetroChina is our ultimate major supplier for CNG in Henan Province and any instability or shortages of supply of natural gas to us from PetroChina could significantly and adversely affect our business;

- The gross profit margin and growth in profit may fluctuate in the future as our purchase price and selling price of our gas products (including LPG, CNG and LNG) are sensitive to factors beyond our control;

- Competition from alternative vehicle fuels is being intensified, particularly with technological advancement of and increasing governmental support for electric vehicles, which may reduce the demand for our gas refuelling business;

- The Group is exposed to credit risk of our customers. If the credit worthiness of our customers deteriorates or if a significant number of our customers fails to settle their trade and bill receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected; and

- The occurrence of force majeure such as the slowdown in macro-economy may affect the operation and performance of the Company.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. Ji Guang（姬光先生）**("Mr. Ji")**, aged 61, is the Chairman of the Board and an executive Director. Mr. Ji was appointed as a Director on 26 March 2018 and re-designated as an executive Director on 11 June 2018. Mr. Ji was the Chief Executive Officer of the Group and stepped down from his role as the Chief Executive Officer with effect from 8 January 2021. Mr. Ji is the father of Ms. Ji Ling, an executive Director, the Vice-Chairman of the Board and the Chief Executive Officer of the Group.

As one of the founders of the Group, Mr. Ji has about 18 years of experience in the gas retail business and gas wholesale business. Mr. Ji co-founded the Group with AVIC Group (i.e. AVIC Joy Holdings (HK) Limited (幸福控股(香港)有限公司) (stock code: 260) and its subsidiaries) by setting up Sino Gas (Zhuhai) Limited (中油潔能(珠海)石化有限公司) ("**ZH Petrochemical**"). He served as the chairman of ZH Petrochemical from January 2009 to December 2014 and was re-designated to be a director of ZH Petrochemical from December 2014 to August 2017, and eventually he was again re-designated as the chairman in August 2017. Mr. Ji is also serving as a director in certain subsidiaries of the Company, and is responsible for overseeing the overall management and development of our gas retail business and gas wholesale business.

Mr. Ji graduated from Sichuan Radio and TV University (四川廣播電視大學), the PRC in August 1983 and specialised his studies in Mechanics (機械類專修科). Mr. Ji subsequently obtained an Executive Master of Business Administration (EMBA) degree (高級管理人員工商管理碩士專業學位) from Tsinghua University (清華大學), the PRC in June 2011. He is now pursuing a doctorate degree in Management Science and Engineering (管理科學與工程) at the College of Management of Tianjin University (天津大學管理學院), the PRC.

Prior to co-founding the Group, Mr. Ji held various managerial positions in China Aero-Technology Import and Export Company Zhuhai Industrial Centre (中國航空技術進出口公司珠海工貿中心) from April 1985 to August 1993. Mr. Ji was the chairman of Sino Aero Limited (國航企業有限公司), an aviation corporation, for the period from September 1993 to October 2004 and a director of Zhuhai Sino Aero Limited (珠海國航企業有限公司) from 1990 to July 2021. He has also served as the Vice President of the Fifth Council of China Federation of Overseas Chinese Entrepreneurs (中國僑商聯合會).

Ms. Ji Ling（姬玲女士）**("Ms. Ji")**, aged 34, is the Vice-Chairman of the Board, an executive Director, the Chief Executive Officer and the financial controller of the Group. She joined the Group in April 2016 as the investment director of Guangdong Sino Gas Investment Company Limited (廣東中油潔能投資有限公司). She is primarily responsible for financial planning and strategic management of the Group and overseeing the internal control and risk management policies of the Group. Ms. Ji was appointed as a Director on 11 June 2018 and re-designated and/or appointed as an executive Director and the Vice-Chairman of the Board on 11 June 2018 and 22 November 2018 respectively. She was subsequently appointed as the Chief Executive Officer of the Group with effect from 8 January 2021. She participates in planning business and marketing strategies, supervising the overall operations of the Group, and overseeing the daily management business of the Group. Since 2019, Ms. Ji was also appointed as the director of various subsidiaries of the Company. Ms. Ji is a daughter of Mr. Ji, the Chairman of the Board and an executive Director.

Ms. Ji completed the programme of Associate of Business Administration at the School of Professional and Continuing Education Community College of The University of Hong Kong (HKUSPACE) in June 2009. She then obtained a degree of Bachelor of Science in Accounting and Finance from the University of East Anglia, the United Kingdom in July 2012 and a degree of Master of Science in Management of Information Technology from the University of Nottingham, the United Kingdom in December 2013. She is now pursuing an Executive Master of Business Administration (EMBA) degree at the PBC School of Finance, Tsinghua University (清華大學五道口金融學院), the PRC.

Before she joined the Group, Ms. Ji served as an auditor of the audit and assurance department at Deloitte Touche Tohmatsu from October 2014 to February 2016.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Cui Meijian (崔美堅女士) ("Ms. Cui"), aged 40, is an executive Director. Ms. Cui was appointed as a Director on 11 June 2018 and was re-designated as an executive Director on the same date.

Ms. Cui joined the Group in December 2006 as the vice-manager of the human resources department of Guangzhou Sino Gas Fuel Chain Company Limited (廣州中油潔能燃氣連鎖有限公司) ("**GZ Sino Gas**"). In September 2008, Ms. Cui was appointed as the vice-manager of finance department and human resources department of GZ Sino Gas and was appointed as the deputy general manager of Guangdong Sino Gas Petrochemical Company Limited (廣東中油潔能石化有限公司) ("**GD Petrochemical**") in July 2014. She has since held various senior management positions in the Group. Ms. Cui has about 16 years of experience in Gas Retail Business and Gas Wholesale Business. She is now serving as a director of certain subsidiaries of the Company, and is responsible for overseeing the management and operation of our Gas Refuelling Business and Gas Wholesale Business of the Company.

Ms. Cui obtained a Bachelor degree of law in Ideological Political Education (思想政治教育) from Zhaoqing University (肇慶學院), the PRC in July 2006. She then completed a postgraduate programme in Economic Law (經濟法學) at Sun Yat-Sen University (中山大學), the PRC in October 2010 and an Executive Master of Business Administration (EMBA) degree at South China University of Technology (華南理工大學), the PRC in December 2017.

Ms. Cui was appointed Vice President (副會長) of the sixth Council of the Guangdong Oil and Gas Association (廣東油氣商會) in December 2018.

Mr. Zhou Feng (周楓先生) ("Mr. Zhou"), aged 40, is an executive Director. Mr. Zhou was appointed as a Director on 11 June 2018 and re-designated as an executive Director on the same date.

Mr. Zhou joined the Group as a project manager of GZ Sino Gas in May 2010 and was later promoted to its sales director in June 2012. He has since held various senior management positions in the Group. Mr. Zhou has about 13 years of experience in gas retail business and gas wholesale business. He is now serving as a director of Jiangmen Xinjiang Gas and is responsible for overseeing the management and operation of the businesses of the Group.

Mr. Zhou obtained a Bachelor degree in Thermal Energy and Power Engineering (熱能與動力工程) from Southeast University (東南大學), the PRC in June 2005. He subsequently obtained a Master degree in Engineering Thermophysics (工程熱物理) from Nanchang University (南昌大學), the PRC in June 2008.

Mr. Zhou obtained a qualification certificate as a middle-level works safety director (中級安全主任) from the Administration of Work Safety of Guangdong Province (廣東省安全生產監督管理局) in November 2010. He also obtained a qualification certificate as an engineer in energy power (能源動力) with intermediate specialised technical skill (中級專業技術) from the Talent Flowing Centre of Jiangxi Province (江西省人才流動中心) in November 2011.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Sheng Yuhong（盛宇宏先生）("Mr. Sheng"), aged 57, was appointed as our independent non-executive Director on 22 November 2018. He is also the chairman of the Nomination Committee, a member of Audit Committee and Remuneration Committee of the Company.

Mr. Sheng obtained a Bachelor degree in Architecture from South China University of Technology, the PRC in July 1989. He subsequently obtained an Executive Master of Business Administration (EMBA) degree at Tsinghua University, the PRC in January 2008.

Since August 1985, Mr. Sheng has been serving as the chairman of the president office (總裁辦) of Guangzhou Hansen Architecture and Design Company Limited (廣州漢森建築設計有限公司) and since May 1993, he has been a managing partner of Guangzhou Bosheng Architecture and Design Consultancy Firm (廣州伯盛建築設計事務所).

Mr. Sheng obtained a qualification certificate as a Grade-1 certified architect (一級註冊建築師) of the PRC from the National Administrative Committee of Certified Architects (全國註冊建築師管理委員會) in August 2003. He also obtained a qualification certificate as a senior interior architect (高級室內建築師) from the China Building Decoration Association (中國建築裝飾協會) in May 2005.

In 2021, Mr. Sheng was appointed as the vice director general (副會長) of the Guangdong Province Registered Architects Association (廣東省註冊建築師協會), the president (會長) of the private branch of the Guangdong Engineering Exploration & Design Association (廣東省工程勘察設計行業協會民營分會) and the honorary president (榮譽會長) of the Yancheng Design Alliance (羊城設計聯盟). In November 2019, Mr. Sheng was appointed as the deputy supervisor of the first board of supervisors (監事會) of the China Federation of Overseas Chinese Entrepreneurs (中國僑商聯合會). In August 2019, Mr. Sheng was appointed as a member of the Guangdong Province Undergraduate College Construction Specialty Teaching Steering Committee (廣東省本科高校建築類專業教學指導委員會). In December 2014, Mr. Sheng was appointed as the deputy secretary-general of the Environmental Arts Committee of Guangdong Architecture and Civil Engineering Association (廣東省土木建築學會環境藝術專業委員會). He has also been appointed as a visiting professor at the School of Architecture and Urban Planning of Guangdong University of Technology (廣東工業大學建築與城市規劃學院) from September 2009 to September 2012.

Mr. Wang Zhonghua（王忠華先生）("Mr. Wang"), aged 62, was appointed as our independent non-executive Director on 22 November 2018. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

Mr. Wang obtained a Bachelor degree in Civil Engineering Specialising in Railway Engineering (土木工程系鐵路工程專業) from Lanzhou Tiedao College (蘭州鐵道學院) (now renamed as Lanzhou Jiaotong University (蘭州交通大學)), the PRC in July 1986. Mr. Wang was registered as a certified cost engineer with Guangdong Construction Practice Qualification Registration Centre (廣東省建設執業資格註冊中心) since October 2009. He was granted the professional qualification of senior engineer by the Shenzhen Senior Professional Technology Qualification Committee for Engineering Technology in April 2019.

From 1990 to July 1992, Mr. Wang was employed to be responsible for cost engineering at Ministry of Construction of the Ministry of Railways of the PRC (中華人民共和國鐵道部建設司). Since January 1992, he worked as an engineer at The Third Railway Survey and Design Institute of the Ministry of Railways of the PRC (鐵道部第三勘察設計院). He has also been transferred to Shenzhen City Metro Company Limited (深圳市地鐵有限公司) since October 1993 and has resigned in December 2023.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Zheng Jian Peng (鄭健鵬博士) ("Dr. Zheng"), aged 41, was appointed as our independent non-executive Director on 22 November 2018. He is also the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Dr. Zheng obtained a Bachelor degree in Business Administration in Accounting from the Open University of Hong Kong (currently known as Hong Kong Metropolitan University) in December 2006 and a Master of Laws in International Economic Law degree from the Chinese University of Hong Kong in November 2012. Dr. Zheng subsequently obtained a degree of Doctor of Business Administration from the Apollos University, the USA in September 2016. He obtained a doctorate degree in Business Administration at the Hong Kong Polytechnic University in September 2022. Dr. Zheng was admitted as a member of the Hong Kong Institute of Certified Public Accountants in July 2010 and was admitted as a member of the Institute of Chartered Accountants in England and Wales in January 2013.

Dr. Zheng was an executive director and the company secretary of Century Energy International Holdings Limited (formerly known as China Oil Gangran Energy Group Holdings Limited) (stock code: 8132), from 15 December 2015 to 25 February 2020 and from 31 October 2016 to 22 April 2020 respectively. For the period from January 2014 to April 2014, Dr. Zheng was a non-executive director of Sing Pao Media Enterprises Limited ("**Sing Pao Media**"). In April 2014, Dr. Zheng was re-designated as an executive director to Sing Pao Media until his resignation in October 2014.

Dr. Zheng was a financial controller of China Fortune Investments (Holding) Limited (formerly known as China Public Healthcare (Holding) Limited) from March 2010 to March 2012 and he was an executive director of Global Strategic Group Limited (stock code: 8007) for the period from October 2014 to June 2016. Dr. Zheng was also an independent non-executive Director of Success Dragon International Holdings Limited (stock code: 1182) from August 2016 to September 2017.

SENIOR MANAGEMENT

Mr. Li Pei (李霈先生) ("Mr. Li"), aged 54, is the general manager in respect of the Group's business in Henan Province and is an executive vice president of the Group.

Mr. Li joined the Group in August 2006 as deputy general manager of GZ Sino Gas and has since held various senior management positions in the Group. He is now a director of certain subsidiaries of the Company and is responsible for supervising and managing the operation of the refuelling stations in Henan Province.

Mr. Li obtained a Bachelor degree in Investment and Economics from Zhongnan University of Economics (中南財經大學), the PRC in July 1993. He is now pursuing an Executive Master of Business Administration (EMBA) degree at the School of Management of Xiamen University (廈門大學經濟管理學院), the PRC. Mr. Li obtained a qualification certificate as an intermediate speciality in financial economics from the Ministry of Personnel, the PRC in November 1998.

Mr. Zhou Weidong (周偉東先生) ("Mr. Zhou WD"), aged 38, is the financial controller in respect of the Group's business in Guangdong Province. He is primarily responsible for overseeing the finance and accounting matters in respect of business of the Group in Guangdong Province.

Mr. Zhou WD joined the Group in September 2012 as the finance deputy manager of GZ Sino Gas and was promoted as finance manager and then finance director of GZ Sino Gas in January 2014 and January 2017 respectively and he is responsible for the overall financial management and accounting matters of GZ Sino Gas.

Mr. Zhou WD obtained a Bachelor degree in Accountancy from Guangdong University of Finance (廣東金融學院), the PRC in July 2010. Mr. Zhou WD passed the intermediate level PRC National Accountancy Qualification Examination (全國會計專 業技術中級資格考試) in 2017. He also obtained the senior accounting title through Guangzhou Senior Accounting Professional Title Evaluation Committee (廣州市高級會計職稱評審委員會) in June 2023.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. Chow Yuk Yin Ivy（周玉燕女士）("Ms. Chow"), was appointed as the company secretary of the Company on 27 June 2023. Ms. Chow is a corporate services director – tax services of PwC Corporate Services Limited. Ms. Chow is a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and a fellow member of the Hong Kong Securities and Investment Institute.

REPORT OF THE DIRECTORS

The Board of the Company is pleased to present this report together with the consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is mainly engaged in the provision of integrated LPG and natural gas services. The Group operates CNG and LNG vehicle refuelling stations, LPG domestic stations, CNG mother stations and LPG, CNG and LNG wholesale businesses. The Company primarily operates its business in the PRC.

An analysis of the principal activities of the Group during the year ended 31 December 2023 is set out in the section headed "Management Discussion and Analysis" in this annual report.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group, indication of likely future developments in the Group's businesses and other relevant information, can be found in the section headed "Management Discussion and Analysis" as set out on pages 5 to 17 and the section headed "Chairman's Statement" as set out on pages 3 to 4 of this annual report. Such discussion forms part of this "Report of the Directors" .

The environmental policies and performance, compliance with relevant laws and regulations and relationships with employees are also discussed in the "Environmental, Social and Governance Report" on pages 48 to 67 of this annual report.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements is set out on page 150 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

The shares of the Company were listed on the Stock Exchange by way of global offering of 54,000,000 ordinary shares on 28 December 2018 (the "**Listing Date**"). Details of movements in the share capital of the Company for the year ended 31 December 2023 and details of the shares issued during the year ended 31 December 2023 are set out in Note 25 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 14 to the consolidated financial statements.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. Through regular stakeholder engagement via different channels, the stakeholders are encouraged to give their opinions regarding the environmental, social and governance policies of the Group. The Group maintains strong relationships with its employees and offers them with safe working environments. The Group has enhanced cooperation with its suppliers and has provided high-quality products and services to its customers so as to ensure sustainable development.

Further details are set out in the "Management Discussion and Analysis" section and in the "Environmental, Social and Governance Report" on pages 5 to 17 and pages 48 to 67 of this annual report respectively.

REPORT OF THE DIRECTORS

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to contributing to the sustainability of the environment and is committed to becoming an environmentally-friendly corporation. Details of our environmental, social and governance policies and performance during the year ended 31 December 2023 shall be disclosed in the "Environmental, Social and Governance Report" on pages 48 to 67 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2023, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company (the "**Articles**") or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2023 are set out in Note 12 to the consolidated financial statements. There were no investment properties of the Group during the year ended 31 December 2023.

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended 31 December 2023.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

EQUITY-LINKED AGREEMENTS

Save as disclosed in "Share Option Scheme" as set out in this section, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2023.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2023.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company during the year ended 31 December 2023 are set out in Note 34 to the consolidated financial statements.

As at 31 December 2023, the Company's reserves available for distribution, calculated in accordance with the Cayman Islands Companies Law, amounted to approximately RMB155.1 million. The amount of approximately RMB155.1 million includes the Company's share premium account of approximately RMB173.4 million and the accumulated loss was in the amount of approximately RMB18.3 million as at 31 December 2023, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2023 are set out in the section headed "Management Discussion and Analysis" in this annual report and Note 22 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers (including joint venture "Jiangmen Xinjiang Gas") accounted for 72.3%% of the total sales for the year and sales to Jiangmen Xinjiang Gas, the largest customer included therein, amounted to 53.3%. Purchases from the Group's five largest suppliers accounted for 63.0% of the total purchases for the year and purchase from the largest supplier included therein amounted to 16.1%. Save as disclosed above, none of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2023, the Group had a total of 427 employees (2022: 434), including 86 employees (2022: 70) of our joint venture, Jiangmen Xinjiang Gas. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employees. The remuneration payable to its employees includes salaries and allowances. The Group attaches importance to the creation and devotion of employees, acknowledges the important position of talent resource in the development of business operation and is committed to developing and maintaining good relationship with employees. The Group regularly organizes safety and skills training for its employees, and encourages its employees to attend industry-related seminars organized by professional institutions, in order to enhance the safety and technical capability of employees and promote their career growth and development.

Compensation of key executives of the Group is reviewed by the Company's Remuneration Committee which is based on the Group's performance and the executives' respective contributions to the Group. The Remuneration Committee will meet at least once each year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management. The Company has adopted a share option scheme as incentive to Directors and eligible employees, details of the scheme are set out in the section headed "Share Option Scheme" below. The total remuneration cost incurred by the Group for the year ended 31 December 2023 was approximately RMB31.1million.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 December 2023.

RELATED PARTY TRANSACTIONS

Related party transactions entered into by the Group for the year ended 31 December 2023 are disclosed in Note 28 to the consolidated financial statements. Our Directors confirm that all related party transactions during the year ended 31 December 2023 were conducted on normal commercial terms that were reasonable and in the interest of the Group as a whole.

CONTINUING CONNECTED TRANSACTIONS

The Company has entered into the following continuing connected transactions which are subject to annual review and reporting requirements under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Directors confirm that the Company has complied with the requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions. Save as disclosed in this annual report, there were no other connected transactions or non-exempted continuing connected transactions under the Listing Rules as at the date of this annual report.

REPORT OF THE DIRECTORS

Supply of CNG by the Group

Zhengzhou Sino Gas Bus Fuel Company Limited ("**Zhengzhou Sino Gas**") and Zhengzhou Public Transport Group Company Limited (鄭州市公共交通集團有限公司) (formerly known as "Zhengzhou City Public Transportation Head Company (鄭州市公共交通總公司)") ("**Zhengzhou Public Transportation**") renewed a CNG supply agreement ("**CNG Supply Agreement**") on 31 December 2020, pursuant to which Zhengzhou Sino Gas (for itself and on behalf of other members of the Group) agreed to supply CNG to Zhengzhou Public Transportation, in consideration for the payment of gas charges to the Group.

Zhengzhou Sino Gas, one of our subsidiaries, was owned as to 38% by Zhengzhou Public Transportation. As such, Zhengzhou Public Transportation is a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules.

CNG Supply Agreement is extended for three years from 1 January 2021 to 31 December 2023.

For details on the total consideration and terms of the above continuing connected transactions, please refer to the announcements of the Company dated 31 December 2020 and 8 January 2021.

The following table sets forth the respective annual caps and actual amounts for the continuing connected transactions of the Group for the year ended 31 December 2023:

Name of a Connected Person	Nature of the Transaction	Annual caps for the year ended 31 December 2023 (RMB million)	Actual amounts for the year ended 31 December 2023 (RMB million)
Zhengzhou Public Transportation	Supply of CNG by the Group	74.7	74.3

The Company's auditor was engaged to report on the continuing connected transactions entered into by the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unmodified limited assurance report containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Main Board Listing Rule 14A.56.

Confirmation of independent non-executive Directors:

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions for the year ended 31 December 2023 and confirmed such transactions have been:

(1) entered into in the ordinary and usual course of business of the Group;

(2) entered into on normal or better commercial terms; and

(3) conducted in accordance with the relevant agreement whose terms are fair and reasonable and in the interests of the shareholders as a whole.

EXEMPTED CONTINUING CONNECTED TRANSACTION

Grant of site usage right to the Group

Zhengzhou Public Transportation and Zhengzhou Sino Gas renewed a licensing agreement ("**Licensing Agreement**") at 31 December 2020, pursuant to which Zhengzhou Public Transportation, as grantor, agreed to grant the site usage right of the Relevant Sites to Zhengzhou Sino Gas, in consideration for the payment of an annual license fee, payable by an annual amortisation of the prepaid license fee.

Zhengzhou Sino Gas, one of our subsidiaries, was owned as to 38% by Zhengzhou Public Transportation. As such, Zhengzhou Public Transportation is a connected person of our Company at the subsidiary level pursuant to Rule 14A of the Listing Rules.

The period of Licensing Agreement is extended for three years from 1 January 2021 to 31 December 2023 (renewable upon the sole discretion of Zhengzhou Sino Gas up to 14 January 2025, i.e. the expiry of the 20-year period under the joint venture agreement).

Therefore, the continuing connected transactions under the Licensing Agreement constitute de minimis transactions under Rule 14A.76(1) of the Listing Rules and are therefore fully exempt from the independent shareholders' approval, annual review and all disclosure requirements. For details on the above continuing connected transactions, please refer to "Exempted Continuing Connected Transactions" in the section headed "Connected Transactions" to the Prospectus.

DIRECTORS

The Directors who held office during the year ended 31 December 2023 and up to the date of this annual report are:

Executive Directors:

Mr. Ji Guang *(Chairman)*
Ms. Ji Ling *(Vice-Chairman and Chief Executive Officer)*
Ms. Cui Meijian
Mr. Zhou Feng

Independent Non-executive Directors:

Mr. Sheng Yuhong
Mr. Wang Zhonghua
Dr. Zheng Jian Peng

Biographical details of the Directors and senior management of the Group are set out in the section headed "Biographical Information of Directors and Senior Management" on pages 18 to 22 of this annual report.

In accordance with Article 105(A) of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not three (3) or a multiple of three (3), then the number nearest to but not less than one-third) shall retire from office by rotation. In accordance with Article 109 of the Articles, any director appointed by the Board to fill a casual vacancy during the year shall hold office until the first annual general meeting of the Company after his/her appointment and be subject to re-election at such meeting.

Accordingly, Mr. Zhou Feng, Mr. Sheng Yuhong and Mr. Wang Zhonghua will retire from office at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

REPORT OF THE DIRECTORS

CHANGES TO DIRECTORS' INFORMATION

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors for the year ended 31 December 2023 and up to the date of this annual report are set out below:

Mr. Wang Zhonghua resigned from Shenzhen City Metro Company Limited (深圳市地鐵有限公司) in December 2023.

Save as disclosed in this annual report, the Directors confirm that in relation to their profile, no information is required to be disclosed pursuant to Rules 13.51B(1) of the Listing Rules.

PERMITTED INDEMNITY

Pursuant to the Articles and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. During the year, the Company has taken out the appropriate directors' and officers' liability insurance.

DIRECTORS' SERVICE CONTRACT

None of the Directors have a service contract with the Company and/or any of its subsidiaries, which is not terminable by employing company within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group in 2023 are set out in Note 9 to the consolidated financial statements of this annual report.

For the year ended 31 December 2023, no emoluments (2022: Nil) were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office, and no arrangement under which any of the directors waived or agreed to waive any of the emoluments.

For the year ended 31 December 2023, no emoluments (2022: Nil) were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and no arrangement under which any of the highest paid individuals waived or agreed to waive any of the emoluments.

RETIREMENT BENEFITS PLANS

Details of retirement benefits plans of the Group as at 31 December 2023 are set out in Note 7 to the consolidated financial statements of this annual report.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the "Continuing Connected Transactions" as set out in this annual report and the related party transactions disclosed in Note 28 to the consolidated financial statements of this annual report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders (the "**Controlling Shareholders**") or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or their subsidiaries, during the year ended 31 December 2023.

COMPETING BUSINESS

During the year ended 31 December 2023, none of the Directors or the Controlling Shareholders and their respective close associates had any interests in any business, apart from the business of the Group, which competes or likely to compete (either directly or indirectly) with the business of the Group.

DEED OF NON-COMPETITION

Mr. Ji, Petrochemical Gas Group Limited ("**VISTA Co**"), Sino Gas Holdings Group Limited ("**Sino Gas BVI**"), China Full Limited ("**China Full**"), Petrochemical Gas Energy Group Limited ("**PCG Employee BVI**") and Petrochemical Gas Energy Limited ("**PCG BVI**"), each being a controlling shareholder (as defined under the Listing Rules) of the Company, have entered into a deed of non-competition dated 22 November 2018 in favour of the Company (the "**Deed of Non-Competition**"). Details of the Deed of Non-Competition was set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

The independent non-executive Directors of the Company have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the Controlling Shareholders up to the date of this annual report.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as disclosed in this annual report, no transaction, arrangement or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity associated with him has or had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 December 2023.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" below, at no time during the year ended 31 December 2023 were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the following Directors and chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules:

Name of Director	Capacity/nature of interest	Number of ordinary shares held (Note 1)	Approximate percentage of shareholding (%) (Note 2)
Mr. Ji	Founder of a discretionary trust, interest in controlled corporations (Note 3)	162,000,000 shares (L)	75%

Notes:

1. The letter "L" denotes to the person with long position in the shares.

2. The calculation is based on the total number of 216,000,000 shares in issue as at 31 December 2023.

3. These interests comprise 121,500,000 shares held by China Full, 24,300,000 shares held by PCG Employee BVI and 16,200,000 shares held by PCG BVI.

   China Full is wholly owned by Sino Gas BVI, a wholly-owned subsidiary of VISTA Co., which is wholly owned by UBS Trustees (BVI) Limited ("**UBS Trustees**") through UBS Nominees Limited.

   UBS Trustees acts as the trustee of J&Y Family Trust which is a discretionary trust established by Mr. Ji (as founder and protector) and under the relevant deed which constitutes the J&Y Family Trust, the trustee shall only add or remove discretionary objects of J&Y Family Trust with the consent of the protector. The discretionary objects of J&Y Family Trust include Mr. Ji himself, his spouse and his daughter, Ms. Ji Ling who is an executive Director. By virtue of the SFO, Mr. Ji, is deemed to be interested in the same parcel of shares held by China Full.

   Both PCG Employee BVI and PCG BVI are wholly owned by Mr. Ji. By virtue of the SFO, Mr. Ji is deemed to be interested in the both parcels of shares held by PCG Employee BVI and PCG BVI.

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2023, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of ordinary shares held (Note 1)	Approximate percentage of shareholding (%) (Note 2)
UBS Trustees	Trustee of a trust	121,500,000 shares (L)	56.25%
UBS Nominees Limited	Interest of controlled corporation (Note 3)	121,500,000 shares (L)	56.25%
VISTA Co	Interest of controlled corporation (Note 3)	121,500,000 shares (L)	56.25%
Sino Gas BVI	Interest of controlled corporation (Note 3)	121,500,000 shares (L)	56.25%
China Full	Beneficial Owner	121,500,000 shares (L)	56.25%
PCG Employee BVI	Beneficial Owner	24,300,000 shares (L)	11.25%
PCG BVI	Beneficial Owner	16,200,000 shares (L)	7.50%
Yang Ling	Interest of Spouse (Note 4)	162,000,000 shares (L)	75%

Notes:

1. The letter "L" denotes to the person with long position in the shares.

2. The calculation is based on the total number of 216,000,000 shares in issue as at 31 December 2023.

3. UBS Trustees, the trustee of J&Y Family Trust, in its capacity as trustee (through UBS Nominees Limited, its wholly-owned subsidiary) holds the entire issued share capital of VISTA Co, which in turn indirectly owns the entire equity interest of China Full through Sino Gas BVI, all of which are indirectly wholly owned by UBS Trustees in its capacity as trustee. J&Y Family Trust a discretionary trust established by Mr. Ji and the discretionary objects of the Trust include Mr. Ji himself, his spouse and his daughter, Ms. Ji Ling. By virtue of the SFO, UBS Trustees, UBS Nominees Limited, VISTA Co and Sino Gas BVI are deemed to be interested in the same parcel of shares held by China Full.

   Both PCG Employee BVI and PCG BVI are wholly owned by Mr. Ji.

4. Ms. Yang Ling is the spouse of Mr. Ji. Therefore, Ms. Yang Ling is deemed to be interested in the shares in which Mr. Ji is interested by virtue of the SFO.

Save as disclosed above, as at 31 December 2023, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Share Option Scheme**") has been conditionally adopted on 22 November 2018.

Purpose

To enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group.

Who may join

Our Directors may at any time within a period often years commencing from the date of adoption of the Share Option Scheme, at its absolute discretion, in accordance with the provisions of the Share Option Scheme and the Listing Rules make an offer to any person belonging to any of the following classes of participants ("**Eligible Participant**"), to take up options to subscribe for Shares:

(i) any employee ("**Eligible Employee**") (whether full-time or part-time including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries or any entity ("**Invested Entity**") in which any member of our Group holds an equity interest;

(ii) any non-executive directors (including independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;

(iii) any supplier of goods or services to any member of our Group or any Invested Entity;

(iv) any customer of any member of our Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and

(viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group;

and, for the purposes of the Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

Maximum number of shares available for issue under the scheme	(i) The maximum number of shares of the Company which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by our Group must not in aggregate exceed 30% of the share capital of our Company in issue from time to time.
	(ii) The total number of the shares of the Company which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue on the Listing Date (such 10% being 21,600,000 shares).
Maximum entitlement of each participant	The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being.
Period within which the securities must be taken up under an option	An option may be accepted by a participant within 21 days from the date of the offer for the grant of the option.
	An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of the offer for the grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.
Performance targets	Unless our Directors otherwise determined and stated in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.
Subscription price for the shares and consideration for the option	The subscription price for the shares under the Share Option Scheme shall be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the date of the offer for the grant of the option, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant of the option; and (iii) the nominal value of a share. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.
Period of the Share Option Scheme	The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

REPORT OF THE DIRECTORS

No options had been granted or agreed to be granted under the Share Option Scheme since its adoption and up to the date of this annual report. The Company did not have any outstanding share options, warrants and instruments convertible into shares as at 31 December 2023 and up to the date of this annual report.

MATERIAL LITIGATION

Save as disclosed in Note 33 to the consolidated financial statements, the Group was not involved in any other material litigation or arbitration during the year ended 31 December 2023. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group since the Listing Date and up to the date of this annual report.

USE OF NET PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Stock Exchange on 28 December 2018 and the net proceeds from the global offering were approximately HK$120.3 million. On 27 February 2020, the Board resolved to change the proposed use of proceeds from that originally set out in the Prospectus for the global offering. Details of which are set out in the announcement of the Company dated 27 February 2020. For details, please refer to the paragraph headed "Use of Proceeds from the Listing" in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

AUDITORS

The consolidated financial statements for the year ended 31 December 2023 have been audited by Mazars CPA Limited, Certified Public Accountants, who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

A resolution for the re-appointment of Mazars CPA Limited as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There has been no significant event that affected the Group after 31 December 2023 and up to the date of this annual report.

By Order of the Board
Ms. Ji Ling
Executive Director
Hong Kong, 27 March 2024

CORPORATE GOVERNANCE REPORT

The Board is pleased to present its corporate governance report of the Company for the year ended 31 December 2023.

CORPORATE GOVERNANCE CULTURE AND VALUE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholders' wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

— satisfactory and sustainable returns to Shareholders;

— that the interests of those who deal with the Company are safeguarded;

— that overall business risk is understood and managed appropriately;

— the delivery of high-quality products and services to the satisfaction of customers; and

— that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of incorporating elements of corporate governance in the management structures and internal control of our Group in order to achieve accountability and are committed to maintaining good corporate governance standards. The Company has applied the principles stated in the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Listing Rules.

The Board believes that good corporate governance standards are essential in maintaining a balanced composition of executive Directors and independent non-executive Directors for the Board to exercise independent judgment effectively and providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Board is of the view that throughout the year ended 31 December 2023, the Company has complied with all the applicable code provisions as set out in the CG Code.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has devised its own code of conduct regarding Directors' dealings in the Company's securities (the "**Securities Dealing Code**") on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Securities Dealing Code throughout the year ended 31 December 2023.

The Company has also adopted the Securities Dealing Code as the written guidelines (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises seven Directors, consisting of four executive Directors and three independent non-executive Directors.

The composition of the Board comprises the following Directors:

Executive Directors

Mr. Ji Guang *(Chairman)*
Ms. Ji Ling *(Vice-Chairman and Chief Executive Officer)*
Ms. Cui Meijian
Mr. Zhou Feng

Independent Non-executive Directors

Mr. Sheng Yuhong
Mr. Wang Zhonghua
Dr. Zheng Jian Peng

The biographical details of the Directors are set out in the section headed "Biographical Information of Directors and Senior Management" on pages 18 to 22 of this annual report.

Mr. Ji Guang is the father of Ms. Ji Ling. Save as disclosed, none of the members of the Board are related to one another.

Chairman and Chief Executive Officer

Code provision C.2.1 stipulates that the roles of Chairman and chief executive should be separate and should not be performed by the same individual. Since 8 January 2021, Mr. Ji Guang is the Chairman of the Company and Ms. Ji Ling is the Vice-Chairman and Chief Executive Officer of the Group.

Independent Non-executive Directors

During the year ended 31 December 2023, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

BOARD INDEPENDENCE EVALUATION

The Company has established a Board Independence Evaluation Mechanism during the year which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

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

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2023, all Directors has completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2023, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

The independent non-executive Directors are appointed for a specific term of three years, subject to renewal after the expiry of the then current term. The appointment of each of the independent non-executive Directors has been renewed effective from 1 December 2021 for a further term of three years.

CORPORATE GOVERNANCE REPORT

All the Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the Company's Articles of Association ("**Articles**") adopted on 20 June 2023, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Company's Articles also provides that any Director appointed by Board, either to fill a casual vacancy or as an additional Director, shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at the meeting.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board as the primary decision-making body of the Company should assume responsibility for leadership and control of the Company; and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The executive Directors oversee the daily operations of the Company, while our independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of any legal actions taken against the Directors and senior management arising out of corporate activities.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 December 2023, the Company organized internal training meetings on directors' duties and responsibilities for all Directors. The training meetings covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates. In addition, relevant reading materials including compliance manual and legal and regulatory updates have been provided to the Directors for their reference and studying.

The records of the continuous professional development that have been received by the Directors for the year ended 31 December 2023 and up to the date of this annual report are summarized as follows:

Name of Directors	Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops	Reading relevant news alerts, newspapers, journals, magazines and relevant publications
Executive Directors		
Mr. Ji Guang	√	√
Ms. Ji Ling	√	√
Ms. Cui Meijian	√	√
Mr. Zhou Feng	√	√
Independent Non-executive Directors		
Mr. Sheng Yuhong	√	√
Mr. Wang Zhonghua	√	√
Dr. Zheng Jian Peng	√	√

Board Meetings

Pursuant to code provisions of the CG Code, meetings of the Board should be held at least four times a year at approximately quarterly intervals and notice of at least 14 days should be given of a regular board meeting. Agendas and accompanying papers shall be sent not less than 3 days before the date of Board meeting to ensure that the Directors are given sufficient time to review the documents.

The Board is responsible for the approval and monitoring of the Company's overall strategies and policies, approval of business plans, evaluating the performance of the Group and oversight of management. It is also responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs.

Apart from regular Board meetings, the Chairman also held meetings with independent non-executive Directors without the presence of other Directors during the year in compliance with code provision C.2.7 of the CG Code.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the websites of the Company and the Stock Exchange and are available to shareholders upon request.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Dr. Zheng Jian Peng *(Chairman of the Audit Committee)*, Mr. Sheng Yuhong and Mr. Wang Zhonghua.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee include (i) assisting the Board in reviewing the financial information and reporting process; (ii) overseeing the risk management and internal control systems; (iii) evaluating the effectiveness of the internal audit function, scope of audit and appointment and dismissal of external auditors; and (iv) making arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held three meetings to review, among other things, in respect of the year ended 31 December 2023, the interim and annual financial results and reports and significant issues on the financial reporting and the Group's accounting policies and practices, Listing Rules and statutory compliance, risk management and internal control systems, appointment of external auditors and connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

Remuneration Committee

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Wang Zhonghua *(Chairman of the Remuneration Committee)*, Mr. Sheng Yuhong and Dr. Zheng Jian Peng.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include (i) reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and (ii) establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his/her own remuneration.

The Remuneration Committee held the meeting once during the year to review the Company's policy and structure for the remuneration of all Directors and senior management, assess the performance of the executive Directors and the senior management, review the remuneration package of the executive Directors and the senior management and make recommendation to the Board on their remuneration.

Details of the remuneration of each of the Directors are set out in the Note 9 to the consolidated financial statements for the year ended 31 December 2023. Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of senior management (other than the Directors) by band for the year ended 31 December 2023 is set out below:

Remuneration by band (RMB)	Number of Individual
Nil–1,000,000	2

Nomination Committee

The Nomination Committee consists of three independent non-executive Directors, namely Mr. Sheng Yuhong *(Chairman of Nomination Committee)*, Mr. Wang Zhonghua and Dr. Zheng Jian Peng.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include (i) reviewing the Board composition; (ii) developing and formulating relevant procedures for the nomination and appointment of Directors; (iii) making recommendations to the Board on the appointment or re-appointment of Directors; (iv) planning the succession of Directors; and (v) assessing the independence of the independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, before making recommendation to the Board.

The Nomination Committee met once to review the size and composition of the Board, assess the independence of the independent non-executive Directors and make recommendation on the re-election of retiring Directors.

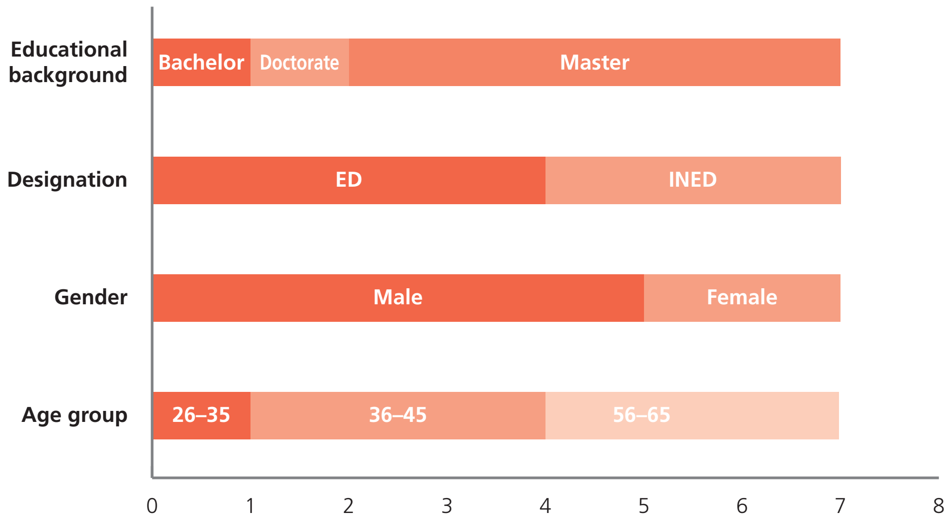
Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Board believes that a truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors. These differences will be taken into account in determining the optimum composition of the Board. All Board appointments will be based on merit while taking into account diversity (including gender diversity).

The Nomination Committee will discuss and agree on the measurable objectives for achieving diversity of the Board and recommend them to the Board for adoption. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender. The ultimate decision will be based on merits and the contribution that the selected candidates will bring to the Board and the business needs of the Company from time to time. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

As at the date of this annual report, the Board's composition under diversified perspectives was summarized as follows:



Gender Diversity

The Company values gender diversity across all levels of the Group. The Company is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	Male
Board	28.6% (2 directors)	71.4% (5 directors)
Senior Management*	33.3% (1 Senior Management)	66.7% (2 Senior Managements)
Other employees	48.8% (162 employees)	51.2% (170 employees)
Overall workforce**	48.1% (164 employees)	51.9% (177 employees)

* Senior Management herein includes senior management who is also appointed as a director.

** Given that Ms. Ji Ling is not only a director but also a member of senior management, she was not be counted twice in the calculation of employees.

The Board had targeted to achieve and had achieved at least 28.6% (2) of female Directors, 33.3% (1) of female senior management and 48.8% (162) of female employees of the Group and considers that the above current gender diversity is satisfactory.

DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and honesty: The candidate should be persons of integrity, honesty and good reputation;

- Diversity in aspects: including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service and diversity aspects under the Board Diversity Policy that are relevant to the business and corporate strategies of the Company;

- Availability: The candidate should have sufficient time for the proper discharge of the duties of a Director, including devoting adequate time for the preparation and participation in meetings, training and other Board or Company associated activities;

- Independence: Requirement for the Board to have independent directors in accordance with the Listing Rules (as amended from time to time) and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules; and

- Other relevant factors considered by Nomination Committee on a case-by-case basis.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 December 2023, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Securities Dealing Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board Committee meetings and the annual general meeting of the Company held during the year is set out in the table below:

	Number of Meetings Attended/Number of Meetings held for the year				
Name of Director	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Mr. Ji Guang	8/8	N/A	N/A	N/A	1/1
Ms. Ji Ling	8/8	N/A	N/A	N/A	1/1
Ms. Cui Meijian	8/8	N/A	N/A	N/A	1/1
Mr. Zhou Feng	8/8	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Sheng Yuhong	8/8	3/3	1/1	1/1	1/1
Mr. Wang Zhonghua	8/8	3/3	1/1	1/1	1/1
Dr. Zheng Jian Peng	8/8	3/3	1/1	1/1	1/1

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks and is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. Such risks would include, amongst others, material risks relating to Environmental, Social and Governance.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including administration of daily operations, financial reporting and recording, treasury management, compliance with applicable laws and regulations on environmental protection, and operation safety. The Board oversees and manages the overall risks associated with the Group's operations while the Audit Committee reviews and supervises the financial reporting process and internal control system of the Group.

The Company has established a Risk Management and Internal Control Leading Group to review the effectiveness of the Group's internal control systems, policies and procedures, and to report its findings and recommendations to the Audit Committee. The Risk Management and Internal Control Leading Group is responsible for the identification of the Group's business and various areas (including major operational and financial procedures, regulatory compliance, information security) pose risks of potential impact, develop action plans and make recommendations to address identified risks, and submit annual reports on the Group's internal control environment to the Audit Committee. The Group also conducts self-evaluation each year to confirm proper compliance with the control policy.

The Risk Management and Internal Control Leading Group has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2023.

The Board, as supported by the Audit Committee as well as Risk Management and Internal Control Leading Group, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2023, and considered that such systems were effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

The Company has adopted the Anti-corruption Policy. With adherence to the principle of integrity, probity, openness and transparency, the Company prohibits any misconduct such as bribery, fraud, money laundering and extortion, and has a zero tolerance for all forms of wrongdoing in the course of conducting business. Meanwhile, the Company also adopted the Whistle-blowing Policy to provide unblocked pipelines and sound guidelines for whistle- blowers (including the Directors, employees and third parties having dealings with the Company, etc.) to report any misconduct prejudicing the interests of the Company. The Company also fully protects the interests of whistle-blowers. Such policies will be reviewed on regular basis by the Audit Committee.

DEED OF NON-COMPETITION

The Company has complied with and enforced the terms of the Deed of Non-Competition. Details of the Deed of Non-Competition was set out in the "Report of the Directors" of this annual report.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2023.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 68 to 73.

AUDITORS' REMUNERATION

The remuneration paid or payable to the Company's external auditors of the Company, Mazars CPA Limited, in respect of audit services and non-audit services for the year ended 31 December 2023 is set out below:

Service Category	Fees RMB'000
Audit services	1,155
Non-audit services	Nil
Total	1,155

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Ms. Chan Sze Ting resigned and Ms. Chow Yuk Yin Ivy ("**Ms. Chow**") was appointed as the Company's company secretary on 27 June 2023. Ms. Chow is a corporate services director — tax services of PwC Corporate Services Limited.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Ms. Ji Ling, an executive Director, has been designated as the primary contact person at the Company which would work and communicate with Ms. Chow on the Company's corporate governance and company secretarial matters.

For the year ended 31 December 2023, Ms. Chow has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to Article 64 of the Company's Articles, extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings, on a one vote per share basis. Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business/resolution specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders should follow the requirements and procedures as set out in the Company's Articles and "Shareholders Rights Summary" published on the Company's website, for convening a general meeting.

Putting Forward Proposals at General Meetings

Any shareholder who wishes to put forward proposals at general meetings of the Company shall lodge a written notice of his/her/its proposal with his/her/its detailed contact information at the Company's headquarters and principal place of business of the Company in China, with a copy of the proposal served to the Company's Hong Kong branch share registrar and transfer office.

The request will be verified with the Company's Hong Kong branch share registrar and upon their confirmation that the request is proper and in order, the Board will be asked to include the proposal in the agenda for the general meeting.

Shareholders should follow the requirements and procedures as set out in the Company's Articles and "Shareholders Rights Summary" published on the Company's website, for circulating a resolution for general meeting.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Room 3103, Block A1 Caifu Shiji Square 13 Haian Road, Tianhe District Guangzhou, the PRC
Attention:	the Board of Directors/Company Secretary

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full names, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies.

The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

In addition, to promote effective communication, the Company maintains a website at www.sinogasholdings.com, where information released by the Company on the Stock Exchange's website and all press releases issued by the Company are also available for public access.

Policies Relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness. The Board has reviewed the implementation of the policy during the year. Considering that different channels have been implemented by the Company to communicate with its shareholders, the Board confirmed the effectiveness of policy.

The Shareholders' Communication Policy and Procedures for Shareholders to Propose a Person for Election as Director are available on the website of the Company.

CONSTITUTIONAL DOCUMENT

During the year ended 31 December 2023, the Company has made amendments to its articles of association to align with the latest legal and regulatory requirements, including the applicable laws of the Cayman Islands and the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022 by way of adoption of the Second Amended and Restated Articles of Association by a special resolution passed by the Shareholders at the 2023 annual general meeting. An up-to-date version of the Company's Articles is available on the Company's website and the Stock Exchange's website.

DIVIDEND POLICY

The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the actual and expected financial performance, expected working capital requirements, capital expenditure requirements and future expansion plans, liquidity position, retained earnings and distributable reserves, the general economic and political conditions and other internal or external factors that may have an impact on the future business and financial performance of the Group, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 APPROACH

The Group is committed to providing integrated LPG and natural gas services. The Group operates CNG and LNG vehicle refuelling stations, LPG domestic stations, CNG mother stations and LPG CNG and LNG wholesale businesses. The Group primarily operates its business in the PRC market and aims to further build up complete industry chain and focus on the sustainable development on LPG and natural gas industry in the PRC market.

The Group recognizes its responsibilities and accountability to all its stakeholders, including customers, existing shareholders and potential investors, employees, suppliers, non-governmental organizations (NGOs) and local community.

The Group places a huge emphasis on monitoring the risks and exploring potential opportunities. For the sake of striking a balance among business needs, social demands and environmental impacts, the Group is committed to continuously monitoring the risks and opportunities which exist in its daily operations. Meanwhile, the Group adopts transparent corporate culture to ensure that its sustainability strategies are well communicated to its employees, customers, the communities and other stakeholders.

The basis of reporting principles — materiality, quantitative and consistency:

- "Materiality" Principle: The Group determines material ESG issues by stakeholder engagement and materiality assessment.

- "Quantitative" Principle: Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.

- "Consistency" Principle: The Report will use consistent methodologies for meaningful comparisons in the past years unless improvements in methodology are identified.

To implement sustainability strategies which apply to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability

2. To respect human rights and social culture

3. To engage with stakeholders

4. To support its employees

5. To sustain local communities

This Report covers the Group's overall performance in two subject areas, namely, Environmental and Social of the business operations in the PRC from 1 January 2023 to 31 December 2023 (the "**Year**" or "**2023**"), unless otherwise stated.

2 SCOPE OF THE REPORT

This Report has been prepared in accordance with the "Environmental, Social and Governance Reporting Guide" in Appendix C2 of the Listing Rules. The report summarizes the Group's major ESG performance in the Year, and covers its management policies, mechanisms and measures in place with respect to environmental protection, emission reduction, safe workplace, supply chain management, etc.

When deciding the operational boundaries of its ESG report, the Group considers entities with yearly total revenue of RMB5 million or above as its material operating entities, having material ESG risks, and should be included in the ESG report. And thus, this ESG report has been prepared to cover the ESG performance of the Group's 10 entities (the "**Reporting Entities**") with annual total revenue of RMB5 million or above during the year which are:

— Guangzhou Sino Gas Logistics Company Limited ("廣州中油潔能物流有限公司")

— Henan Sino Gas Yonghui Natural Gas Company Limited ("河南中油潔能永輝天然氣有限公司")

— Xinzheng Yonghui Natural Gas Company Limited ("新鄭永輝天然氣有限公司")

— Henan Sino Gas Sales and Transportation Company Limited ("河南中油潔能銷售運輸有限公司")

— Guangzhou Sino Gas Fuel Chain Company Limited ("廣州中油潔能燃氣連鎖有限公司")

— Zhengzhou Sino Gas Bus Fuel Company Limited ("鄭州中油潔能巴士燃氣有限公司")

— Guangdong Sino Gas Petrochemical Company Limited ("廣東中油潔能石化有限公司")

— Guangzhou Sino Gas New Energy Company Limited ("廣州中油潔能新能源有限公司")

— Sino Gas (Zhuhai) Limited ("中油潔能(珠海)石化有限公司")

— Henan Blue Sky Sino Gas Technology Company Limited ("河南藍天中油潔能科技有限公司")

The data and information used in this report are referenced from the archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group's audited annual financial statements for the year ended 31 December 2023.

The methodologies used in the calculation, the assumptions and limitations, and conversion factor adopted by this report are based on the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX.

3 FEEDBACK

For details of the ESG performance, corporate governance as well as financial performance, please visit the website at www.sinogasholdings.com and the annual reports. The Group treasure the feedback and comments on its sustainability performance, please send the feedback and enquiries to investmentdep@sinogasholdings.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4 BOARD STATEMENT

During the Year, the Group has committed ourselves to sustainability in our businesses. We therefore proudly present, our Environmental, Social and Governance ("**ESG**") Report (the "**Report**") of the Group.

The Group is committed not just to its shareholders, but also to a wide range of stakeholders including employees, customers, suppliers, creditors, regulators and the community. Taking a proactive approach to sustainability is not only a part of the Group's heritage, inherent in the various strands of the corporate strategy of the Group, but is also crucial to the Group's business success. Sustainability is an integral element in maintaining the Group's position as a responsible business that contributes positively to the development of the communities in which the Group operates.

For our business, the Group has evaluated a number of environmental, social and operation related issues which are the most important to both of the Group and stakeholders:

➢ Customers' satisfaction level

➢ Product quality and safety

➢ Occupational health and workplace safety

➢ Operational compliance

➢ Air emissions

➢ Talent management

We have delegated our business function to review the Company's operation and conduct internal discussions, aiming to identify relevant ESG responsibility issues and assess the materiality of such issues to our business and stakeholders.

The Audit Committee also assists the Board in leading the management and overseeing its design, implementation and oversight of risk management and internal control systems, including, among others, material risks and risk management related to the Group's ESG.

The Board aims to reduce 1% of energy used as compared with last year target. The Group has achieved its target during the Year.

5 VISION

To maintain the leading position in the industry and provide high quality integrated LPG and natural gas services in Guangdong Province, Henan Province and Hebei Province of the PRC.

6 MATERIALITY MATRIX

During the Year, the Group has evaluated a number of environmental, social and operation related issues, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure the Group's business development is in line with the expectations and requirements of its stakeholders. The Group's and its stakeholders' matters of concern are presented in the following materiality matrix:

		Importance to the Group		
Importance to Stakeholder		Low	Medium	High
	High	◆ Anti-discrimination ◆ Protecting labour rights	◆ Talent management ◆ Staff training and promotion opportunity ◆ Staff compensation and welfare policies	➢ Customers' satisfaction Level ➢ Anti-corruption ➢ Product quality and safety ➢ Suppliers management ◆ Occupational health and workplace safety
	Medium	➢ Community involvement	✧ Use of resources	➢ Operational compliance ➢ Protecting customers' privacy ✧ Air emissions
	Low	◆ Preventive measures for child and forced labour	✧ Non-hazardous wastes produced	✧ Use of raw materials ✧ Hazardous wastes produced

✧ Environmental ◆ Employee ➢ Operation

7 COMMUNICATION WITH STAKEHOLDERS AND IDENTIFICATION OF MATERIAL ISSUES

The Company actively strives to better understand its stakeholders and engage them to ensure continuous improvements. The management strongly believes that its stakeholders play a crucial role in sustaining the success of the business in the challenging market.

Stakeholders	Probable issues of concern	Communication and responses
HKEX	Compliance with Listing Rules, timely and accurate announcements.	Meetings, training, workshops, programs, website updates and announcements.
Government	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Suppliers	Payment schedule, stable demand.	Site visits.
Shareholders/Investors	Corporate governance system, business strategies and performance, and investment returns.	Organizing and participating in seminars, interviews, shareholders' meetings, issue of financial reports and/or operation reports for investors, media and analysts.
Media & Public	Corporate governance, environmental protection, and human right.	Issue of newsletters on the Company's website.
Customers	Product quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, and after-sales services.
Employees	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Union activities, trainings, interviews for employees, employee handbooks, internal memos, employee suggestion boxes.
Community	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.

The table underneath showed the aspects on the ESG Guide to be assessed and those ESG issues were determined to be material to the Group.

ESG Aspects as set forth in the ESG Guide	Material ESG issues for the Group
(A) Environmental	
A1 Emissions	Emission from town gas, electricity or vehicle
A2 Use of Resources	Use of energy and paper
A3 Environment and Natural Resources	
A4 Climate Change	
(B) Social	
B1 Employment and Labour Practices	Labour practices
B2 Health and Safety	Workplace health and safety
B3 Development and Training	Employee development and training
B4 Labour Standards	Anti-child and forced labour
B5 Supply Chain Management	Supply chain management
B6 Product Responsibility	Product responsibility
B7 Anti-corruption	Anti-corruption, fraud prevention and anti-money laundering
B8 Community Investment	Community programs, employee volunteering and donation

A. ENVIRONMENTAL

The Group understands the high importance of environmental protection, in respect of which it promises not to sacrifice the environment in exchange of the business. In this respect, the management of the Group strongly believes that a healthy environment constitutes the foundation of the Group's sustainable development. It aims at maintaining sustainable development and building a green community with its stakeholders. Thus, the Group will strive to integrate environmental sustainability into the business operations through various measures so as to reduce carbon emission level and the relevant intensity in its daily operations.

During the Year, there was no material non-compliance issue with relevant laws and regulations related to the environment. The Group will stay alert to any non-compliance behavior relating to critical environmental problems.

A1.1. Emissions Data from Gaseous Fuel Consumption

Environmental protection is always a top priority for the Group, it strives to reduce emissions in protecting the environment. In taking the emission data into consideration, including both the air emissions and greenhouse gas emissions, the data is a measurement for understanding the impacts of the business behaviors on the environment, which provides guidance for the Group to take meaningful actions in the future.

a) Since the Company did not have town fuel and town gas consumption during the Year, therefore no emissions data from gaseous fuel consumption applied.

b) the Company owned some motor vehicles during the Year, the emissions data from the vehicles is set out below:

Key performance indicator ("KPI")	2023	Unit	%
Nitrogen Oxides ("**NO_x**")	5,328.3	Kg	93.1%
Sulphur Oxides ("**SO_x**")	5.9	Kg	0.1%
Particulate Matter ("**PM**")	388.9	Kg	6.8%
Total	**5,723.1**	**Kg**	**100%**

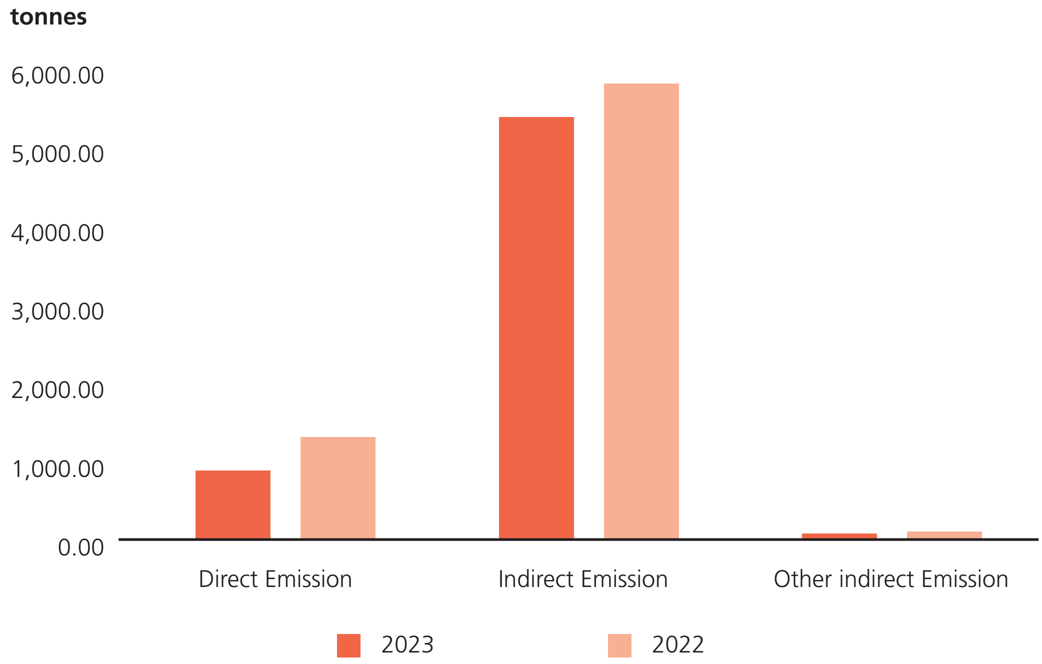
When considering the air emissions intensity, the Group has recorded approximately 17.1 kg (2022: 21.5 kg) of air emission per employee.

Looking forward the Group will continue to improve the efficiency of usage of vehicles by better planning of the travelling routes, so as to better control its air emissions.

The Group targets to reduce at least 1% of GHG emission as compared to last year. The Group has achieved the target during the Year.

A1.2. Greenhouse Gas Emission

Greenhouse gas emissions are the main factors contributing to global warming, leading to climate changes and threatening the ecosystem of the world. To continuously fulfill the duties as an enterprise with corporate social responsibility, the Group embraces in driving green practices in day-to-day operations so as to reduce greenhouse gas emissions in the business operations.



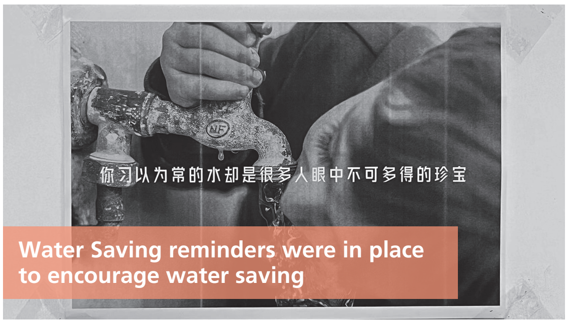
KPI	2023	Unit	%
Scope 1			
Direct Emission	982.6	tonnes	15.5%
Scope 2			
Indirect Emission	5,360.9	tonnes	84.4%
Scope 3			
Other indirect Emission	9.8	tonnes	0.1%
Total	**6,353.3**	**tonnes**	**100%**

During the Year, there were 6,353.3 (2022: 7,075.9) tonnes of carbon dioxide equivalent greenhouse gases (mainly the usage of vehicles for transportation of petrol and gasoline) emitted from the Group's operation.

When considering the greenhouse gas emissions intensity, the Group recorded approximately 19.0 (2022: 20.0) tonnes of greenhouse gas emissions per employee during the Year.

The Group has made continuous efforts to reduce greenhouse gas emissions. With the emissions from electricity consumption being the major composition of its greenhouse gas emissions, the Group encourages employees to treasure the resources, including electricity and water resources. For energy saving purpose, the lightings are switched off during lunchtime. Besides, reminders of electricity and water saving are posted in the reporting entities.


Lightings switched off during lunchtime



Water Saving reminders were in place to encourage water saving

The Group targets to reduce at least 1% of GHG emission as compared to last year. The Group has achieved the target during the Year.

Compliance with relevant laws and regulations:

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes of the Group during the Year. In addition, no significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations had been reported in the 2023.

A1.3 Hazardous Waste and Non-hazardous Waste

Hazardous Waste

The business operations of the Group produced no hazardous waste, including chemical wastes, clinical wastes and hazardous chemicals, during the Year.

Non-hazardous Waste

The major non-hazardous waste produced by the Group was the paper waste during the Year. It amounted to approximately 668.8 (2022: 884.1) kg, which means an average of 2.0 (2022: 2.5) kg of paper waste was produced per employee. In this regard, the Group strives to create a paperless working environment by reducing the use of paper-printing. The Group constantly encourages its employees to print on double sided and reuse single sided used printed paper by placing reminders. By the efforts to reduce and reuse paper in the workplace, the Group is target to reduce its paper wastage in the coming years.

A2.1 Use of resource

The Group aims to become an environmentally sustainable enterprise contributing to environmental protection by conservation of energy and natural resources.

Energy Consumption

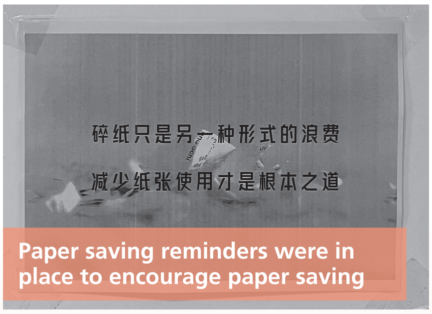
The total energy consumption during the Year was approximately 5,950.6 MWh (2022: 6,436.8 MWh). The electricity consumption intensity, which is calculated by dividing the electricity consumption by the total number of employees, was around 17.8 (2022: 18.2) MWh per employee. The electricity consumed by the Group was the major contributor to its greenhouse gas emissions during the Year. In order to reduce the Group's carbon and energy footprints, the Group consistently insists on "no-light policy" during lunch time. Besides, the Group will continuously promote awareness of treasuring electricity on daily operations to its employees and strive to reduce electricity consumption in the coming years.

Water Consumption

Water resources have always been one of the most invaluable natural resources on the Earth. We had not experienced any issue when sourcing water during the Year. For the Group's operation during the Year, water consumed by the Group amounted to approximately 3,661.0 (2022: 3,890.0) tonnes. The Group's water consumption intensity, which is calculated by dividing the water consumption by the total number of employees, was around 11.0 (2022: 11.0) tonnes per employee. Same as energy consumption, the Group promotes awareness of treasuring water on daily operations to its employees.

Paper Usage

Efficiency in usage of paper in daily operation has been advocated and communicated to employees. The Group consistently encourages double-sided printing and collecting single sided used printed paper for reusing purpose. At the same time, the Group also partially implemented paperless office. The paper usage was approximately 668.8 (2022: 884.1) kg during the Year, and the Group is confident to lower the figure in the coming years.



Paper saving reminders were in place to encourage paper saving

The summary of the resources consumed are set out below:

	KPI			
	2023	2022	**Unit**	**% increase/ (decrease)**
Electricity consumed	**5,950.6**	6,436.8	MWh	(8%)
Water consumed	**3,661.0**	3,890.0	tonnes	(6%)
Paper usage	**668.8**	884.1	kg	(24%)

The Group targets to reduce at least 1% of resource consumed as compared to last year. The Group has achieved the target during the Year.

A3 Environmental and Natural Resources

As an environmentally sustainable enterprise, the Group believes that the invaluable and precious environment should not be sacrificed because of its own business activities. Therefore, the Group will continuously take efforts on environmentally friendly practice in various aspects.

There were no non-compliance cases noted in relation to environmental laws and regulations during the Year.

A4 Climate change

The global climate change is becoming increasingly severe, and global warming has become a serious problem. As a responsible enterprise, the Group will pay close attention to the impact of climate change on the Group's operations and business, keep track of international and domestic market dynamics, policy changes and regulatory updates, and raise the awareness of all employees.

The Group's oversight and governance of climate change is led by the Board, which regularly reviews relevant regulations and guidelines and reviews the Group's governance framework for addressing climate change, and formulates and implements measures to mitigate the impact of climate change on operations and business. In order to meet the goal of "dual carbon", the Group has been committed to reducing greenhouse gas emissions in business operations, in order to achieve a win-win goal of ecological and economic benefits.

In order to minimise with the risks from extreme weather, the Group has insurance protection for its properties for damages from extreme weather conditions, so as to reduce the loss of the Group's properties and minimize possible repair and maintenance costs. On the other hand, the Group will increase the emergency safety training for employees against extreme weather, and improve employees' awareness of risk prevention. At the same time, the Group will take various measures such as home office arrangements, rescheduling of work schedules, and preventive and protective measures for resource allocation to ensure the safety of employees' lives minimize the impact on business processes and minimize the impact of extreme weather on the Group's operations and business.

B. SOCIAL

The Group believes that sustainable business success relies on the contribution and support of its talented employees. The Group treated its employees as the most valuable assets to the Group, especially the front-line employees of gas refuelling stations. All employees contribute their efforts to provide gas refuelling for the customers. The contributions of the employees promote the Group to achieve corporate goals and maintain sustainable development. This is the reason why the Group continues improving its friendly employment policies. The human resources policy and procedures, including recruitment, probation, termination, promotion, retirement, transfer, appraisal, working hours, salary, bonus, entitled leave and medical benefits, comply with the relevant legislation in PRC.

B1. Employment and Labour Practices

Employee Benefits

The Group appreciates the hard work and contributions of each employee. A comprehensive employee benefits package is therefore in return to offer to its dedicated and talented staff. The employee benefits are compensated fairly according to their performance, with reference to the market practice.

The Group performs annual staff performance appraisal to assess the performance of employees for the year-end bonus determination. In this regard, a transparent mechanism is conducted by taking into account various factors, including but not limited to the employees' attendance performance, capability, attitude, and contributions to the Group. With reference to appraisal on the employees, staff promotion and salary increment are rewarded to the contributing and improving employees.

In addition, the Group contributes to the employees' social insurance and housing funds with reference to the Labor Law of the PRC for its employees. Besides, high temperature subsidy is offered for the front-line employees of gas refuelling stations on several months within summer season annually.

Harmonious Workspace

A harmonious and inclusive working environment, free from any harassment and discrimination are promoted among the group. The Group consistently strive to build a harmonious and inclusive working environment. The Group respects equal dignity, providing equal opportunities for its employees. The Group also values working environments with polite towards employees and fully departmental coordination among the group.

Procedure of grievances has been set up in the Group. Problems or complaints related to work or the Group are welcome to discuss with a direct department head or top management of the Group. Relevant department head and top management will consider all complaints impartially and efficiently for problem-solving.

Work-life Balance of Employees

Taking a break is crucial for the Group to accomplish long-term goals. Thus, the Group encourages work-life balance for its employees, by providing them with annual leaves, and five-day work week with eight working hours per day. Overtime compensation would be offered to the dedicated employees. Employees are also entitled to special leaves to meet their families' needs, such as marriage leave, funeral leave and maternity leave, etc.

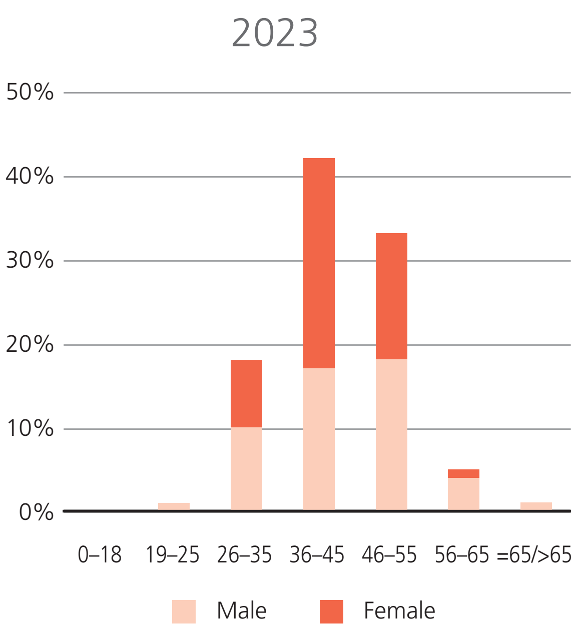
Staff Composition

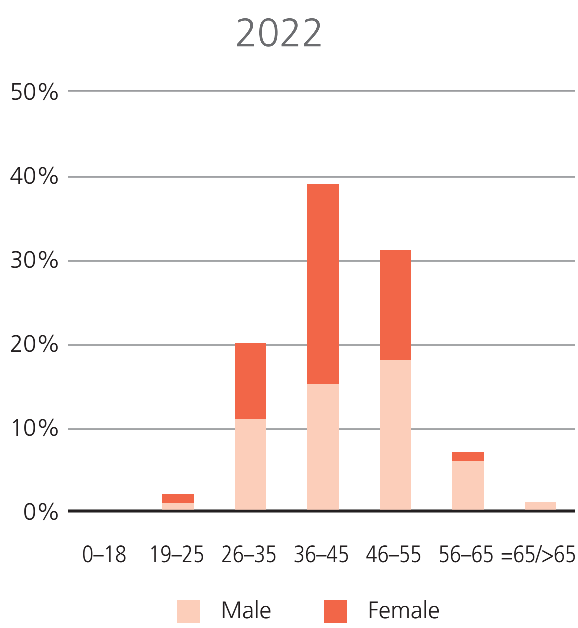
As at 31 December 2023, the Reporting Entities employed a total of 334 (2022: 353) staff in PRC. The employee composition by management level is more or less the same as other companies in the same industry, as more front-line employees are needed to provide gas refuelling service in stations. The Group believes that maintaining a diverse but inclusive workforce among its working environment is the key to maintain a sustainable and successful business in the future.

a) *Employees' Employment Type Distribution*

By employment type	2023 Male	2023 Female	2022 Male	2022 Female
Part-time employment	**0%**	**0%**	0%	0%
Full-time employment	**51%**	**49%**	52%	48%
Total	**51%**	**49%**	52%	48%

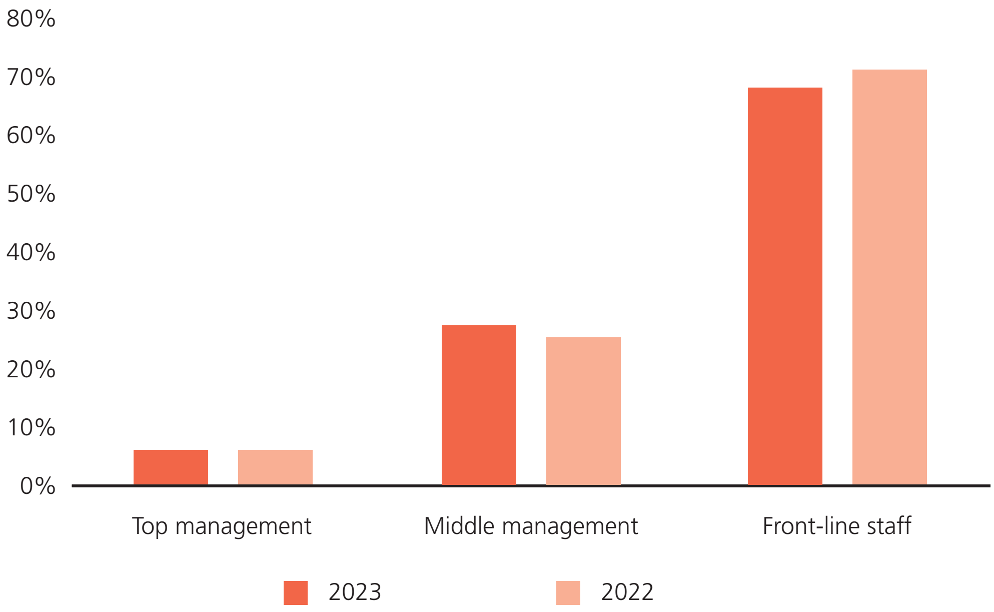
b) *Employees' Age and Gender Distribution*





Age Group	2023 Male	2023 Female	2022 Male	2022 Female
0–18	**0%**	**0%**	0%	0%
19–25	**1%**	**0%**	1%	1%
26–35	**10%**	**8%**	11%	9%
36–45	**18%**	**24%**	15%	24%
46–55	**17%**	**16%**	18%	13%
56–65	**4%**	**1%**	6%	1%
= 65/>65	**1%**	**0%**	1%	0%
Total	**51%**	**49%**	52%	48%

c) *Employees' Position Distribution*

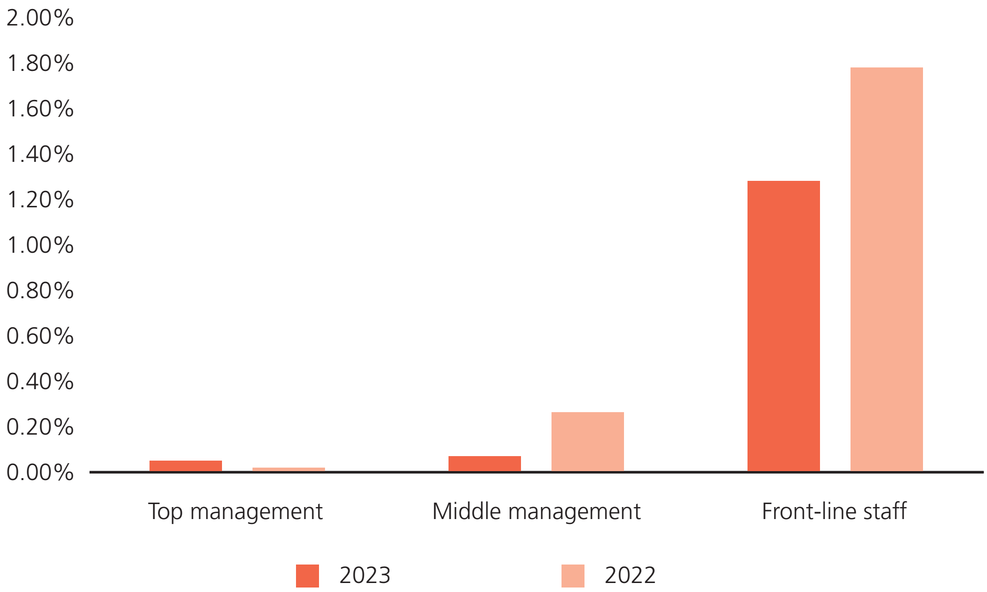


Position	2023	2022
Top management	**6%**	6%
Middle management	**27%**	25%
Front-line staff	**67%**	70%
Total	**100%**	100%

d) *Turnover Rate by Gender and Age*

Age Group	2023 Male	2023 Female	2022 Male	2022 Female
0–18	**0%**	**0%**	0%	0%
19–25	**5%**	**0%**	5%	0%
26–35	**12%**	**5%**	21%	6%
36–45	**11%**	**14%**	20%	17%
46–55	**24%**	**9%**	12%	13%
56–65	**18%**	**2%**	5%	0%
= 65/>65	**0%**	**0%**	1%	0%
Total	**70%**	**30%**	64%	36%

e) *Monthly Average Turnover Rate by Position Level*



Position	2023	2022
Top management	**0.05%**	0.02%
Middle management	**0.07%**	0.26%
Front-line staff	**1.36%**	1.75%
Total	**1.48%**	2.03%

During the Year, the Group maintained an average monthly employee turnover rate of 1.48% (2022: 2.03%). The Group takes pride in the dedication and effort of all employees, who contribute to the success. In order to keep the employees' loyalty to the Group and maintain close relationship with the employees, the Group regularly held several team-building and gathering activities. With consistent efforts in strengthening the bond with talented employees, the Group is confident that it is able to retain the talent employees. Moreover, with 0.05% turnover rate of the top management, the Group is confident that the negative impact of employee turnover on the operations has been mitigated.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare on the Group during the Year. In addition, no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions had been reported during the Year.

B2 Employee Health and Safety

The Group is committed to providing a safe working environment for its employees. The Group aims at not only to meet the minimum occupational health and safety standards required by law, but to exceed them. The safety policies and procedures are implemented among the Group, especially for the gas refuelling stations. Before new front-line employees perform their duties on gas stations, safety training and education are provided to them. Safety educations including safety operation guidance, safety discipline and general safety technics for the gas refuelling operation are also provided. Newly recruited front-line employees are required to attend exam organized by the Group regarding to the safety operation of the gas station. Only those employees who passed exam could perform their duties on gas station. The Group also prohibits its staff to smoke and use mobile phone in gas station.

Besides, safety agent of the gas stations is required to perform safety check on gas refuelling equipment and relevant machinery so as to ensure safety operation on gas refuelling process. Safety rules and regulations are set for bad weather such as thunder and typhoon season. The Group strongly requires its front-line employees to strictly follow the guidance set on the bad weather so as to ensure a safe working environment. In addition, reminders and notices are posted on the gas stations to remind customers of the dangerous of inflammable gas. Also, the reminder of forbid firework and no phone call are warning its employees and customers when they are in gas stations.

The safety agents are responsible for ensuring that appropriate policies, procedures and safeguard measures are put in practice. The Group purchased medical insurances for its employees. The social insurance and housing provident fund are closely monitored and adjusted according to the headcounts. In light of these practices, no death or permanent disability case was noted during the Year. 1 (2022:1) employee was injured at work in which the total labor hour lost due to injuries comprises 1,118 (2022:72) hours. The Group will constantly review its health and safety measures to be in place to best safeguard its employees' health.

The outbreak of the novel coronavirus (Covid-19), has become the latest challenge for the health authorities in Hong Kong and Mainland China, the Group has several policy to protect its staff:

— All public area would be disinfected on a timely basis;

— Provide mask and disinfection supplies to all front-line staff;

— Request all management to wear mask;

— Request all staff to perform body temperature test everyday;

— Request each staff to report their health status everyday; and

— Request each Department Head to monitor the health status of its staff on a timely basis.

Occupational Health and Safety Data

Health and Safety	2023	2022
Number of work-related fatalities	**1**	1
Lost working hours due to work injury	**1,118**	72

During the Year, the Group has had no non-compliance cases regarding violation of relevant laws and regulations on occupational health and safety.

B3 Development and Training

From time to time, there are internal trainings held to improve its employees' safety knowledge and technics, as well as to keep them reminded on their safety operations. The Group encourages its employees to continue to learn in order to promote their career growth and development with strong safety and technical capability in the LPG and natural gas industry. The Group also provides safety training seminar and safety operation drill to its staff during the Year.

During the Year, the total training hours provided by the Group are set out below:

	2023		
	Male	**Female**	**Total**
Top management	**304**	**120**	**424**
Middle management	**1,258**	**846**	**2,104**
Front-line staff	**4,138**	**3,547**	**7,685**
Total training hours	**5,700**	**4,513**	**10,213**
Average training hours	**39.04**	**15.19**	**34.39**

B4 Labour Standard

The Group understands and therefore fully complies with the labor laws and relevant legislations that prohibit child and forced labor. The Group would not employ any person below the age of eighteen. Each applicant of the Group needs to present their identity documents during the recruitment process, so as to prevent the risk of recruiting child labor. In addition, the Group is committed to ensuring that no employee is forced to work against his/her will, or work as forced labor. The Group strives to ensure equal dignity and respects for its employees. Any violence, with the purpose of deliberately causing difficulties, threats and/or corporal punishment, forcing employees to work is prohibited.

During the Year, there was no material non-compliance issue with applicable laws and regulations in relation to labor standards.

B5 Supply Chain Management

The Group understands that providing high quality of LPG and natural gas is key to its corporate sustainable development and business success. The Group implements rigorous management of its suppliers. In this respect, a list of approved suppliers has been established and reviewed on a regular basis. The financial and operational background including the permits, qualifications and licenses obtained) of the suppliers, price level, and terms and conditions of supply are all taken into consideration.

When choosing a new supplier, the Group gives priority to the suppliers who are environmentally friendly and socially responsible in order to promote and support environmentally preferable products and services in supply chain.

As at 31 December 2023, the Reporting Entities have 79 major suppliers from PRC. The supplier assessment is performed annually. The assessment includes reviews on suppliers' business licenses, operation of LPG or natural gas licenses, timely on delivery of quality check on gas provided, etc. In addition, agreement regarding to business ethics is signed with our suppliers. In light of this practice, suppliers are also encouraged to demonstrate their corporate social responsibilities by complying with corporate social responsibility codes as well as business ethics, in respect of operations, marketing activities and social contacts. High standards of morality which include prohibition of provision and acceptance of bribes and/or other unfair benefits are adopted by the Group.

Key risks in supply chains are technical quality and environmental pollution. In particular for LPG, in ensuring the quality of LPG purchased by the Group, the Group would perform checking on quality certificate on a regular basis so as to maintain the quality of LPG sold to its customer. For natural gas, the Group purchased directly from state-owned enterprise, which also provide confident on quality of natural gas to the customers.

The Group would continue to implement appropriate management on supply chain so as to maintain high quality of gas supply and to maintain sustainable development.

B6 Product Responsibility

The Group's business leading by its experienced management team is committed to providing high quality products to its customers, so as to enhance the Group's competitiveness and achieve mutual success between the Group and customers. For maintaining product quality, a regularly supply quality review and assessment are performed as mentioned above. Moreover, to ensure the service quality meets the safety requirements, regular training is provided to the relevant front-line employees who work at the gas stations for the job-related skills, knowledge and safety technics. Besides, for customers who are entitled to apply for a gas refuelling card of gas station, the Group is committed to protecting personal information of its customers. Employees are required to sign a non-disclosure agreement before they join the Group to ensure proper maintenance of confidentiality of the Group's business strategies and protect customers' data privacy in daily operation.

With the above measures, the Group successfully recorded no complaints and no recalled regarding products and services during the Year.

The Group attaches great importance to the protection and maintenance of intellectual property rights. During the Year, the Group is compliance with relevant laws and regulations on intellectual property rights (including but not limited to the Trademark Law of the PRC), the Group also assigns professional personnel to be responsible for renewing trademarks and Internet domain names on time for the purpose of safeguarding, maintaining and effectively managing intellectual property rights.

During the Year, the Group is not involved any litigation or legal proceedings in relation to violations of intellectual property rights of material nature or any material breaches.

B7 Anti-corruption

The Group prohibits all forms of bribery and corruption. Employees should not solicit or accept any advantage in connection with his/her work without the permission of the Group. Advantages include both monetary and non-monetary benefits. It is the Group's rule that no director or employee may solicit or accept any advantage from any person who has existing or potential business dealings with the Group. Moreover, under no circumstances may a director or employee provide misleading and fraudulent financial data and falsify financial record.

Employees were able to report any suspicious activities through various channel, i.e. emails, written report, in person, to General Manager and Operating Manager. Immediate investigation would be taken by the Top Management. A Code of Conduct has been established and implemented to ensure that the directors and employees perform at the highest level of integrity, commitment and professionalism.

During the Year, the Group has provided 3 hours of anti-corruption training and anti-money-laundering to its staff. Also, there was no concluded legal case regarding corrupt practices brought against the Group or its employees.

B8 Community Investment

The Group advocates the concept of giving back to the community. The Group makes efforts on not only increasing its positive impacts on the environment and community, but also in creating a safe and equal working environment for its employees. Moreover, it emphasizes providing good quality of products and services for the interests of its customers. The Group believes that working as a responsible corporate is critical for giving back to the community. In the coming years, the Group will continue to invest efforts in the abovementioned aspects and maintaining the success of this year.

REGULATORY COMPLIANCE

The Group was not aware of any non-compliance with laws and regulations that has a significant impact on the Group relating to emissions, employment, health and safety, labor standards, product responsibility and anti-corruption during the Year.

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of
Sino Gas Holdings Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sino Gas Holdings Group Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 74 to 149, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Assessment of the potential impairment of the property, plant and equipment and right-of-use assets attributable to gas refuelling stations

Refer to principal accounting policies in Note 2 and the disclosure of property, plant and equipment and right-of-use assets in Notes 12 and 13 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group's property, plant and equipment and right-of-use assets, with carrying amount of approximately RMB100,052,000 and RMB22,578,000 as at 31 December 2023 respectively, are principally used in the operations of gas refuelling stations. In view of the losses contributed by certain gas refuelling stations during the year ended 31 December 2023, management considered that there were indications that the Group's property, plant and equipment and right-of-use assets, with carrying amount of approximately RMB67,618,000 and RMB16,059,000 respectively, attributable to gas refuelling stations may be impaired as at 31 December 2023. At the end of the reporting period, management performs impairment assessments of the property, plant and equipment and right-of-use assets attributable to the Group's gas refuelling stations whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable.	Our key audit procedures, where applicable on a sample basis, included: — Assessing management's identification of indicators of potential impairment of the property, plant and equipment and right-of-use assets attributable to gas refuelling stations, the identification of the CGUs, the allocation of assets to each CGU, the use of higher of the value in use or fair value less cost of disposal model for determining the recoverable amounts and the methodology adopted in the preparation of the DCFF with reference to our understanding of the Group's gas refuelling station business and the requirements of the prevailing accounting standards; — Assessing management's DCFF for those CGUs where impairment indications were noted by evaluating the reasonableness of the key assumptions adopted by management, with our understanding and knowledge of the Group's business in general; — Comparing the forecast selling prices and purchase prices of LPG, CNG and LNG with external market data;

KEY AUDIT MATTERS *(Continued)*

Assessment of the potential impairment of the property, plant and equipment and right-of-use assets attributable to gas refuelling stations *(Continued)*

The key audit matter	How the matter was addressed in our audit
Each gas refuelling station operated by the Group has been identified as a separate cash-generating unit ("**CGU**") for impairment assessment purpose. When the carrying amounts of the CGU's property, plant and equipment and right-of-use assets is not recoverable, it will be written down to their recoverable amounts, which are estimated the higher of their value in use based on a discounted cash flow forecast ("**DCFF**") or their fair value less costs of disposal. We identified the impairment assessments of the property plant and equipment and right-of-use assets attributable to gas refuelling stations as a key audit matter because of its significance to the consolidated financial statements and the judgement and estimation involved in the impairment assessment including the consideration of the indicators of impairment and the determination of the key assumptions applied in the impairment assessment.	— Comparing key financial data, including revenue, cost of sales and expenses, in the DCFF with the budgets approved by the management; — Evaluating the competence, capabilities and objectivity of the independent professional valuer for the impairment assessment on the fair value less costs of disposal; — Evaluating the reasonableness of the valuation methods and key assumptions adopted by the independent professional valuer based on our knowledge of the Group's industry and market for the impairment assessment on the fair value less costs of disposal; — Performing sensitivity analysis of the key assumptions on the impairment assessment to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the selection of key assumptions; and — Considering the adequacy of the Group's disclosure in respect of the impairment assessment.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in this annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 27 March 2024

The engagement director on the audit resulting in this independent auditor's report is:
Chan Chi Ming Andy
Practising Certificate number: P05132

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023 RMB'000**	2022 RMB'000
Revenue	*4*	**1,406,112**	1,947,946
Cost of sales		**(1,321,483)**	(1,860,651)
Gross profit		**84,629**	87,295
Other income	*5*	**23,789**	22,173
Staff costs		**(31,123)**	(33,095)
Depreciation on property, plant and equipment and right-of-use assets		**(12,333)**	(16,104)
Short-term lease charges		**(695)**	(1,853)
Other operating expenses		**(30,184)**	(33,070)
Finance costs	*6*	**(15,158)**	(14,393)
Provision for impairment loss on property, plant and equipment		**(6,023)**	–
Provision for impairment loss on trade and other receivables		**(564)**	–
Share of result of an associate	*15*	**(588)**	(6)
Share of result of a joint venture	*16*	**(1,707)**	(1,141)
Profit before taxation	*7*	**10,043**	9,806
Income tax expenses	*8*	**(3,333)**	(3,664)
Profit for the year		**6,710**	6,142
Other comprehensive income (loss):			
Items that will not be reclassified to profit or loss			
Exchange difference on translation of the Company's financial statements		**2,414**	14,683
Items that are reclassified or may be reclassified subsequently to profit or loss			
Exchange difference on translation of functional currency to presentation currency		**(862)**	(6,493)
Other comprehensive income for the year		**1,552**	8,190
Total comprehensive income for the year		**8,262**	14,332
Profit (Loss) for the year attributable to:			
Equity holders of the Company		**8,793**	11,076
Non-controlling interests		**(2,083)**	(4,934)
Profit for the year		**6,710**	6,142

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Total comprehensive income (loss) for the year attributable to:			
Equity holders of the Company		**10,345**	19,266
Non-controlling interests		**(2,083)**	(4,934)
Total comprehensive income for the year		**8,262**	14,332
		RMB cents	RMB cents
Earnings per share			
Basic and diluted	*11*	**4.07**	5.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	*12*	**100,052**	117,962
Right-of-use assets	*13*	**22,578**	23,766
Interest in an associate	*15*	**17,246**	20,154
Interest in a joint venture	*16*	**10,640**	12,347
Financial assets measured at fair value through profit or loss	*17*	**25,366**	24,367
Deferred tax assets	*24*	**10,909**	11,676
		186,791	210,272
Current assets			
Inventories	*18*	**2,577**	2,097
Trade and other receivables	*19*	**219,897**	211,172
Income tax recoverable		**1,255**	5,044
Pledged and restricted deposits	*20*	**387,500**	427,500
Bank balances and cash	*20*	**157,872**	91,833
		769,101	737,646
Current liabilities			
Trade and other payables	*21*	**36,178**	35,749
Interest-bearing borrowings	*22*	**507,500**	507,500
Lease liabilities	*23*	**1,050**	1,175
		544,728	544,424
Net current assets		**224,373**	193,222
Total assets less current liabilities		**411,164**	403,494
Non-current liabilities			
Lease liabilities	*23*	**2,396**	2,886
Deferred tax liabilities	*24*	**1,736**	1,838
		4,132	4,724
NET ASSETS		**407,032**	398,770

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Capital and reserves			
Share capital	*25*	**1,892**	1,892
Reserves	*26*	**384,316**	373,971
Equity attributable to equity holders of the Company		**386,208**	375,863
Non-controlling interests	*14*	**20,824**	22,907
TOTAL EQUITY		**407,032**	398,770

The consolidated financial statements on pages 74 to 149 were approved and authorised for issue by the Board of Directors on 27 March 2024 and signed on its behalf by:

Cui Meijian
Executive Director

Ji Ling
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Equity attributable to equity holders of the Company								
	Share capital RMB'000 (Note 25)	Share premium RMB'000 (Note 26(a))	Statutory reserve RMB'000 (Note 26(b))	Exchange reserve RMB'000 (Note 26(c))	Other reserve RMB'000 (Note 26(d))	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2023	1,892	173,360	49,114	47	(11,970)	163,420	375,863	22,907	398,770
Profit (Loss) for the year	–	–	–	–	–	8,793	8,793	(2,083)	6,710
Other comprehensive income (loss)									
Items that will not be reclassified to profit or loss									
Exchange difference on translation of the Company's financial statements	–	–	–	2,414	–	–	2,414	–	2,414
Items that are reclassified or may be reclassified subsequently to profit or loss									
Exchange difference on translation of functional currency to presentation currency	–	–	–	(862)	–	–	(862)	–	(862)
Total other comprehensive income for the year, net of tax	–	–	–	1,552	–	–	1,552	–	1,552
Total comprehensive income (loss) for the year	–	–	–	1,552	–	8,793	10,345	(2,083)	8,262
Transaction with equity holders of the Company									
Contributions and distributions:									
Transfer to statutory reserve	–	–	4,688	–	–	(4,688)	–	–	–
Total transaction with equity holders of the Company	–	–	4,688	–	–	(4,688)	–	–	–
As at 31 December 2023	1,892	173,360	53,802	1,599	(11,970)	167,525	386,208	20,824	407,032

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2023

	Equity attributable to equity holders of the Company								
	Share capital RMB'000 (Note 25)	Share premium RMB'000 (Note 26(a))	Statutory reserve RMB'000 (Note 26(b))	Exchange reserve RMB'000 (Note 26(c))	Other reserve RMB'000 (Note 26(d))	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2022	1,892	173,360	46,115	(8,143)	(11,970)	155,343	356,597	27,841	384,438
Profit (Loss) for the year	–	–	–	–	–	11,076	11,076	(4,934)	6,142
Other comprehensive income (loss)									
Items that will not be reclassified to profit or loss									
Exchange difference on translation of the Company's financial statements	–	–	–	14,683	–	–	14,683	–	14,683
Items that are reclassified or may be reclassified subsequently to profit or loss									
Exchange difference on translation of functional currency to presentation currency	–	–	–	(6,493)	–	–	(6,493)	–	(6,493)
Total other comprehensive income for the year, net of tax	–	–	–	8,190	–	–	8,190	–	8,190
Total comprehensive income (loss) for the year	–	–	–	8,190	–	11,076	19,266	(4,934)	14,332
Transaction with equity holders of the Company									
Contributions and distributions:									
Transfer to statutory reserve	–	–	2,999	–	–	(2,999)	–	–	–
Total transaction with equity holders of the Company	–	–	2,999	–	–	(2,999)	–	–	–
As at 31 December 2022	1,892	173,360	49,114	47	(11,970)	163,420	375,863	22,907	398,770

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
OPERATING ACTIVITIES			
Cash generated from operations	*27(a)*	**13,639**	10,587
Income tax refund (paid)		**1,121**	(4,817)
Net cash from operating activities		**14,760**	5,770
INVESTING ACTIVITIES			
Interest received		**22,516**	17,086
Proceeds from disposal of property, plant and equipment		**1,784**	5,678
Purchase of property, plant and equipment		**(1,802)**	(4,877)
Repayment of loan to a third party		**1,900**	2,100
Dividends received from an associate	*15*	**2,320**	–
Net cash from investing activities		**26,718**	19,987
FINANCING ACTIVITIES			
Interest paid	*27(b)*	**(14,950)**	(13,423)
Proceeds from interest-bearing borrowings	*27(b)*	**1,442,500**	507,500
Repayment of interest-bearing borrowings	*27(b)*	**(1,442,500)**	(476,500)
Repayment of lease liabilities (capital portion)	*27(b)*	**(1,833)**	(3,171)
Repayment of lease liabilities (interest portion)	*27(b)*	**(208)**	(970)
Decrease (Increase) in pledged and restricted deposits		**40,000**	(33,000)
Net cash from (used in) financing activities		**23,009**	(19,564)
Net increase in cash and cash equivalents		**64,487**	6,193
Cash and cash equivalents at the beginning of the year		**91,833**	77,450
Effect on exchange rate changes		**1,552**	8,190
Cash and cash equivalents at the end of year	*20*	**157,872**	91,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. CORPORATE INFORMATION

Sino Gas Holdings Group Limited (the "**Company**") was incorporated in the Cayman Islands on 26 March 2018 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address and the principal place of business of the Company is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 3103, Block A1, Caifu Shiji Square, 13 Haian Road, Tianhe District, Guangzhou, the People's Republic of China (the "**PRC**"), respectively.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 28 December 2018. The immediate parent of the Company is China Full Limited which is incorporated in Hong Kong. In the opinion of the directors, the ultimate controlling party of the Company is Mr. Ji Guang.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in retail and wholesale of liquefied petroleum gas ("**LPG**"), compressed natural gas ("**CNG**") and liquefied natural gas ("**LNG**") in the PRC. Details of the principal subsidiaries of the Company and their principal activities are disclosed in Note 14 to the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the International Accounting Standards Board (the "**IASB**"), the disclosure requirements of the Companies Ordinance (Cap. 622) (the "**CO**") and the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised IFRS Accounting Standards that are relevant to the Group and effective from the current year.

Adoption of new/revised IFRS Accounting Standards

The Group has applied, for the first time, the following new/revised IFRS Accounting Standards that are relevant to the Group:

Amendments to IAS 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Adoption of new/revised IFRS Accounting Standards *(Continued)*

Amendments to IAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IAS 12: International Tax Reform— Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for financial assets measured at fair value through profit or loss ("**FVPL**"), which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instrument's proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRS Accounting Standards.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, an interests in subsidiaries are stated at cost less accumulated impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Group's investment in associate or joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction in progress, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately:

Buildings and properties	10–50 years
Refuelling equipment	3–22 years
Motor vehicles and other equipment	3–15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Construction in progress

Construction in progress represents refuelling equipment and buildings and properties under construction and is stated at cost less accumulated impairment loss. Cost includes construction expenditures incurred and other direct costs capitalised during the construction period. No depreciation is made on construction in progress until the construction work is completed and the assets are ready for their intended use. When the assets concerned are available for use, the costs are transferred to each class of property, plant and equipment when appropriate.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis, except for financial assets mandatorily measured at FVPL and financial assets measured at amortised cost which are accounted for on the settlement date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("**Mandatory FVOCI**"); (iii) equity investment measured at fair value through other comprehensive income ("**Designated FVOCI**"); or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model (the "**reclassification date**").

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Recognition and derecognition (Continued)

1) Financial assets measured at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, pledged and restricted deposits and bank balances and cash.

2) Financial assets measured at FVPL
These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVPL include unlisted equity securities.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables and interest-bearing borrowings. All financial liabilities, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items

The Group recognises loss allowances for expected credit losses ("**ECL**") on financial assets that are measured at amortised cost and lease receivables to which the impairment requirements apply in accordance with IFRS 9. At each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive. For a lease receivable, the cash flows used for determining the ECL should be consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items *(Continued)*

Measurement of ECL (Continued)

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

(vi) external credit risk ratings

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items *(Continued)*

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, 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 reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in Note 29(a) to the consolidated financial statements, the following financial instruments are determined to have low credit risk:

- Pledged and restricted deposits; and
- Bank balances and cash.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items *(Continued)*

Simplified approach of ECL

For trade receivables and contract assets without significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, and operating lease receivables, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term. Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date and subsequently adjusted when such index or rate changes. Such payments are recognised as income on the straight-line basis over the lease term. Other variable lease payments are recognised as income in the period in which the event or condition that triggers those payments occurs.

Revenue from contracts with customers within IFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is retail and wholesale of LPG, CNG and LNG.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers within IFRS 15 *(Continued)*

Timing of revenue recognition (Continued)

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Retail sales of LPG, CNG and LNG is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers at gas refuelling stations operated by the Group and the title is passed.

Wholesale of LPG, CNG and LNG is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers at premises which are determined by customers and the title is passed.

Contract liabilities

If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier).

For a single contract or a single set of related contracts, a net contract liability is presented.

For the wholesale business of the sales of LPG, CNG and LNG, it is common for the Group to receive from the customer some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**").Since the Group's main operation is carried out in the PRC, the amounts shown in the consolidated financial statements are presented in RMB.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("**foreign operations**") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period.

- Income and expenses for each statement of comprehensive income are translated at average exchange rate.

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, right-of-use assets, interest in an associate, interest in a joint venture and interest in subsidiaries at statement of financial position of the Company may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. 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.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group 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, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset as follows:

Land use rights	20–50 years
Buildings and equipment	2–20 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee *(Continued)*

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee *(Continued)*

A lease modification is accounted for as a separate lease if

(a) the modification increase the scope of the lease by adding the right to use or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

The Group has applied the practical expedient provided in Amendments to IFRS 16: *Covid-19-Related Rent Concessions* and does not assess whether eligible rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2023; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient consistently to all eligible rent concessions with similar characteristics and in similar circumstances.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Group has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor — operating lease

The Group applies the derecognition and impairment requirements in IFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Employee benefit

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to a defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Pursuant to the relevant PRC laws and regulations, each of the PRC subsidiaries of the Group is required to participate in a retirement benefit scheme organised by the local municipal government whereby the Group is required to contribute a certain percentage of the salaries of its employees to the retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to pay the ongoing required contributions. Contributions made to the defined contribution retirement scheme are charged to profit or loss as incurred.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on interests in subsidiaries, an associate and a joint venture, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management and the Board of directors for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

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

If circumstances indicate that the carrying amount of an asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of non-financial assets as described in Note 2 to the consolidated financial statements. These assets are tested for impairment at least annually or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgements relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods, where applicable.

Loss allowance for ECL

The Group's management estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables. Details of the key assumption and inputs used in estimating ECL are set out in Note 29(a) to the consolidated financial statements. If the ECL rates on the trade receivables for the due date between 1 to 6 months had been 1% higher/lower at the end of the reporting period, with other assumptions held constant, the loss allowance would have been approximately RMB650,000 (2022: approximately RMB48,000) higher/lower.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgements *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment of investments and receivables

The Group assesses annually if interests in subsidiaries, an associate and a joint venture have suffered any impairment in accordance with IAS 36 and follows the guidance of IFRS 9 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Depreciation rate of the property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual values, if any. The Group reviews the estimated useful lives and residual values, if any, of the property, plant and equipment regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The determination of useful lives and residual values, if any, are based on the historical experience with similar assets and taking into account anticipated changes on how such assets are to be deployed. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Future changes in IFRS Accounting Standards

At the date of authorisation of these consolidated financial statements, the IASB has issued the following new/revised IFRS Accounting Standards that are relevant to the Group and are not yet effective for the current year, which the Group has not early adopted.

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* [1]
Amendments to IAS 1	*Non-current Liabilities with Covenants* [1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements* [1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback* [1]
Amendments to IAS 21	*Lack of Exchangeability* [2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]

[1] Effective for annual periods beginning on or after 1 January 2024
[2] Effective for annual periods beginning on or after 1 January 2025
[3] The effective date to be determined

The directors are in the process of assessing the possible impact on the future adoption of the new/revised IFRS Accounting Standards, but are not yet in a position to reasonably estimate their impact on the Company's consolidated financial statements.

3. SEGMENT INFORMATION

The Group manages its reporting segments by different business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and the Board of directors for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- Retail: This segment principally generates revenue from the sale of LPG, CNG and LNG to vehicular end-users by operating gas refuelling stations and industrial customers.

- Wholesale: This segment principally generates revenue from the sale of LPG, CNG and LNG to gas merchants.

For the purposes of assessing the performance of operating segments and allocating resources between segments, the Group's most senior executive management and the Board of directors monitor the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the cost of sales incurred by those segments. The measure used for reporting segment result is gross profit. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

Inter-segment sales are priced at cost plus profit margin. The Group's other expenses, such as staff costs and other operating expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interested income and interest expense is presented.

From 1 July 2023, the management has changed the presentation of the information reported to the Group's most senior executive management and the Board of director and segment reporting is updated to confirm this change. In the view of the Group's most senior executive management and the Board of director, the revised information provides a more appropriate presentation of segment results. Prior year segment information is revised for comparative purpose.

The accounting policies of the reporting segment are the same as the Group's accounting policies as described in Note 2 to the consolidated financial statements.

3. SEGMENT INFORMATION *(Continued)*

(a) Segment results

Analysis of the Group's segmental information by business and geographical location during the year is set out below.

	Retail 2023 RMB'000	Wholesale 2023 RMB'000	Unallocated 2023 RMB'000	Inter-segment elimination 2023 RMB'000	Total 2023 RMB'000
Revenue recognised at a point in time before elimination	222,674	2,343,026	–	(1,159,588)	1,406,112
Inter-segment revenue	(4,402)	(1,155,186)	–	1,159,588	–
Revenue recognised at a point in time after elimination	218,272	1,187,840	–	–	1,406,112
Reportable segment gross profit after elimination	71,164	13,465	–	–	84,629
Other income	3,675	19,300	814	–	23,789
Depreciation on property, plant and equipment and right-of-use assets	(6,760)	(5,314)	(259)	–	(12,333)
Short-term lease charges	(375)	(320)	–	–	(695)
Finance costs	(543)	(14,597)	(18)	–	(15,158)
Provision for impairment loss on properties, plant and equipment	(6,023)	–	–	–	(6,023)
Provision for impairment loss on trade and other receivable	–	(564)	–	–	(564)
Share of result of an associate	–	–	(588)	–	(588)
Share of result of a joint venture	–	–	(1,707)	–	(1,707)
Unallocated staff costs	–	–	(31,123)	–	(31,123)
Unallocated other operating expenses	–	–	(30,184)	–	(30,184)
Total consolidated profit before taxation					10,043

3. SEGMENT INFORMATION *(Continued)*

(a) Segment results (continued)

	Retail 2022 RMB'000 (Re-presented)	Wholesale 2022 RMB'000 (Re-presented)	Unallocated 2022 RMB'000 (Re-presented)	Inter-segment elimination 2022 RMB'000 (Re-presented)	Total 2022 RMB'000 (Re-presented)
Revenue recognised at a point in time before elimination	257,648	2,892,226	–	(1,201,928)	1,947,946
Inter-segment revenue	(7,377)	(1,194,551)	–	1,201,928	–
Revenue recognised at a point in time after elimination	250,271	1,697,675	–	–	1,947,946
Reportable segment gross profit after elimination	72,829	14,466	–	–	87,295
Other income	5,307	11,657	5,209	–	22,173
Depreciation on property, plant and equipment and right-of-use assets	(10,683)	(5,106)	(315)	–	(16,104)
Short-term lease charges	(20)	(1,590)	(243)	–	(1,853)
Finance costs	(1,021)	(12,839)	(533)	–	(14,393)
Share of result of an associate	–	–	(6)	–	(6)
Share of result of a joint venture	–	–	(1,141)	–	(1,141)
Unallocated staff costs	–	–	(33,095)	–	(33,095)
Unallocated other operating expenses	–	–	(33,070)	–	(33,070)
Total consolidated profit before taxation					9,806

3. SEGMENT INFORMATION *(Continued)*

(b) Geographic information

The Group's revenue is substantially generated from the sales of LPG, CNG and LNG in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided for the years ended 31 December 2023 and 2022.

(c) Information about major customers

No revenue from a single external customer amounted to 10% or more of the Group's revenue for the years ended 31 December 2023 and 2022.

4. REVENUE

	2023		
	Retail RMB'000	**Wholesale RMB'000**	**Total RMB'000**
Revenue from contracts with customers within IFRS 15			
— LPG	**–**	**1,147,077**	**1,147,077**
— CNG	**214,316**	**29,686**	**244,002**
— LNG	**3,956**	**337**	**4,293**
— Others	**–**	**10,740**	**10,740**
	218,272	**1,187,840**	**1,406,112**

	2022		
	Retail RMB'000	Wholesale RMB'000	Total RMB'000
Revenue from contracts with customers within IFRS 15			
— LPG	6,805	1,652,837	1,659,642
— CNG	236,210	32,486	268,696
— LNG	7,256	3,334	10,590
— Others	–	9,018	9,018
	250,271	1,697,675	1,947,946

5. OTHER INCOME

	2023 RMB'000	2022 RMB'000
Interest revenue calculated using the effective interest method	**18,807**	12,197
Gain on lease modification	**–**	2,364
Lease income under operating leases	**3,475**	5,744
Net fair value gain of financial assets measured at FVPL	**999**	8,017
Government grants (Note)	**1,255**	290
Exchange loss, net	**(1,364)**	(6,680)
Sundry income	**617**	241
	23,789	22,173

Note: The government grants represented the incentive subsidies received from various PRC government authorities. There are no conditions or future obligations attached to these grants.

6. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on bank loans	**14,950**	13,423
Interest on lease liabilities	**208**	970
	15,158	14,393

7. PROFIT BEFORE TAXATION

This is stated after charging:

	2023 RMB'000	2022 RMB'000
Other items		
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**27,906**	29,463
Contribution to defined contribution retirement schemes	**3,173**	3,411
Termination benefits	**44**	221
	31,123	33,095
Cost of inventories	**1,304,747**	1,848,949
Auditor's remuneration	**1,155**	1,100
Depreciation		
— Property, plant and equipment	**9,927**	12,554
— Right-of-use assets	**2,406**	3,550
Loss on disposal of property, plant and equipment, net	**1,978**	5,985
Exchange loss, net	**1,364**	6,680

8. TAXATION

	Note	2023 RMB'000	2022 RMB'000
Current tax			
Current year		**1,912**	4,302
Under (Over) provision in prior year		**756**	(375)
		2,668	3,927
Deferred taxation			
Origination and reversal of temporary difference	*24*	**665**	(263)
Total income tax expense for the year		**3,333**	3,664

8. TAXATION *(Continued)*

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Company and the Group's BVI subsidiaries are not subject to income tax in those jurisdictions for the years ended 31 December 2023 and 2022.

(b) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2022: 16.5%). Hong Kong Profits Tax has not been provided as the Group had no assessable profits for the years ended 31 December 2023 and 2022.

(c) The statutory PRC Corporate Income Tax ("**CIT**") for the PRC subsidiaries are 25% (2022: 25%).

In addition, certain PRC subsidiaries of the Group meet the following three conditions and are classified as small low-profit enterprises. These conditions are: (i) annual taxable amount of not more than RMB3,000,000; (ii) number of employees of not more than 300; and (iii) total assets of not exceeding RMB50,000,000.

Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing Preferential Tax Policies for Small Low-profit Enterprises [No.13, 2022] jointly issued by the Ministry of Finance and the State Taxation Administration, the portion of assessable profits which does not exceed RMB1,000,000 shall be subject to CIT at 20% tax rate after reduction of 87.5% of the assessable profits; and the portion of assessable profits exceeded RMB1,000,000 but not exceeding RMB3,000,000 shall be subject to CIT at 20% tax rate after reduction of 75% of assessable profits.

(d) Dividends receivable by non-PRC resident corporate investors from PRC-residents are subject to withholding tax at 10%. The Group's Hong Kong subsidiaries are subject to PRC dividend withholding tax on dividends receivable from their PRC subsidiaries, an associate and a joint venture.

Reconciliation of income tax expenses	2023 RMB'000	2022 RMB'000
Profit before taxation	**10,043**	9,806
Income tax at statutory tax rate of 25% in the PRC	**2,511**	2,107
Non-deductible expenses	**2,976**	44
Tax exempt revenue	**(961)**	(2,288)
Effect on overseas tax rate differences	**970**	2,637
Effect on tax incentives on subsidiaries*	**(1,055)**	(1,924)
Utilisation of previously unrecognised tax losses	**(3,569)**	–
Unrecognised tax losses	**553**	2,976
Under (Over) provision in prior year	**756**	(375)
Share of results of an associate and a joint venture	**574**	286
Others	**578**	201
Income tax expenses for the year	**3,333**	3,664

* Effect on tax incentives on subsidiaries includes tax relief for small low-profit enterprises.

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

(a) Directors' remunerations

Details of directors' remunerations for the year, disclosed pursuant to the Listing Rules and the disclosure requirements of Companies Ordinance, are as follows:

	2023				
	Directors' fees RMB'000	Salaries, allowances and benefits in-kind RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution retirement schemes RMB'000	Total RMB'000
Executive directors					
Mr. Ji Guang	–	960	90	–	1,050
Ms. Ji Ling	–	352	–	8	360
Ms. Cui Meijian	–	191	–	9	200
Mr. Zhou Feng	–	332	61	8	401
Independent non-executive directors					
Mr. Sheng Yuhong	108	–	–	–	108
Mr. Wang Zhonghua	108	–	–	–	108
Dr. Zheng Jianpeng	108	–	–	–	108
	324	1,835	151	25	2,335

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS *(Continued)*

(a) Directors' remunerations *(Continued)*

	2022				
	Directors' fees RMB'000	Salaries, allowances and benefits in-kind RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution retirement schemes RMB'000	Total RMB'000
Executive directors					
Mr. Ji Guang	–	974	51	8	1,033
Ms. Ji Ling	–	325	–	8	333
Ms. Cui Meijian	–	199	–	8	207
Mr. Zhou Feng	–	332	35	8	375
Independent non-executive directors					
Mr. Sheng Yuhong	104	–	–	–	104
Mr. Wang Zhonghua	104	–	–	–	104
Dr. Zheng Jianpeng	104	–	–	–	104
	312	1,830	86	32	2,260

There were no arrangements under which a director waived or agreed to waive any emoluments for the year ended 31 December 2023 (2022: Nil). In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the year (2022: Nil).

(i) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Company, or bodies corporate controlled by such directors, or entities connected with such directors that were entered into or subsisted during the years ended 31 December 2023 and 2022.

(ii) Directors' material interests in transactions, arrangements or contracts

After consideration, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company, or entities connected with the directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2023 and 2022.

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS *(Continued)*

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments, three (2022: three) are directors whose emoluments are disclosed in Note 9(a). The aggregate of the emoluments in respect of the remaining two (2022: two) highest paid individual, who are not directors, are as follows:

	2023 RMB'000	2022 RMB'000
Salaries and other emoluments	**482**	494
Discretionary bonuses	**77**	–
Contributions to defined contribution retirement schemes	**16**	15
	575	509

The emoluments of the non-director individuals with the highest emoluments are within the following bands:

	2023 Number of individuals	2022 Number of individuals
Hong Kong Dollars ("**HK$**") Nil to HK$1,000,000 (equivalent to RMB Nil to RMB901,000) *(2022: HK$Nil to HK$1,000,000 (equivalent to RMB Nil to RMB863,000))*	**2**	2

There were no arrangements under which any of the five (2022: five) highest paid individuals waived or agreed to waive any remuneration during the year ended 31 December 2023 (2022: Nil). In addition, no remuneration was paid by the Group to any of the five (2022: five) highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2022: Nil).

10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit attributable to the ordinary equity shareholders of the Company of approximately RMB8,793,000 (2022: approximately RMB11,076,000) and the weighted average number of 216,000,000 (2022: 216,000,000) shares in issue during the year.

The Company has no dilutive potential ordinary shares in issue during the current and prior years and, therefore, the diluted earnings per share is the same as basic earnings per share for the years presented.

12. PROPERTY, PLANT AND EQUIPMENT

	Building and properties RMB'000 (Note 12(a))	Refuelling equipment RMB'000	Motor vehicles and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Reconciliation of carrying amount — year ended 31 December 2022					
At beginning of the year	43,419	37,036	18,157	38,690	137,302
Additions	1,190	80	3,371	236	4,877
Depreciation	(3,067)	(5,721)	(3,766)	–	(12,554)
Disposals	(2,577)	(6,470)	(100)	(2,516)	(11,663)
At the end of the reporting period	38,965	24,925	17,662	36,410	117,962
Reconciliation of carrying amount — year ended 31 December 2023					
At beginning of the year	**38,965**	**24,925**	**17,662**	**36,410**	**117,962**
Additions	**172**	**680**	**931**	**19**	**1,802**
Provision for impairment loss	**–**	**–**	**–**	**(6,023)**	**(6,023)**
Depreciation	**(3,027)**	**(3,612)**	**(3,288)**	**–**	**(9,927)**
Disposals	**–**	**–**	**(1,731)**	**(2,031)**	**(3,762)**
At the end of the reporting period	**36,110**	**21,993**	**13,574**	**28,375**	**100,052**
At 31 December 2022					
Cost	66,055	96,273	69,533	36,410	268,271
Accumulated depreciation	(27,090)	(67,423)	(51,871)	–	(146,384)
Accumulated impairment loss	–	(3,925)	–	–	(3,925)
Net carrying amount	38,965	24,925	17,662	36,410	117,962
At 31 December 2023					
Cost	**66,227**	**96,946**	**67,530**	**34,398**	**265,101**
Accumulated depreciation	**(30,117)**	**(71,028)**	**(53,956)**	**–**	**(155,101)**
Accumulated impairment loss	**–**	**(3,925)**	**–**	**(6,023)**	**(9,948)**
Net carrying amount	**36,110**	**21,993**	**13,574**	**28,375**	**100,052**

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) At the end of the reporting period, the application for property rights certificates of certain of the Group's buildings with aggregate net carrying amount of approximately RMB1,347,000 (2022: approximately RMB1,484,000) has not been processed or is in process. Mr. Ji Guang, the ultimate controlling party of the Company, has undertaken to procure the obtaining of the title documents for the abovementioned properties. If title documents could not be obtained, Mr. Ji Guang agreed to indemnify the Group for all losses and damages arising therefrom.

(b) At the end of the reporting period, the carrying amount of property, plant and equipment and right-of-use assets set out in Note 13 attributable to gas refuelling stations would have been approximately RMB67,618,000 and RMB16,059,000 (2022: approximately RMB85,316,000 and RMB23,545,000) respectively. In a view of the losses contributed by certain gas refuelling stations, the management considered that there were indications that the property, plant and equipment and right-of-use assets attributable to these gas refuelling stations may be impaired as at 31 December 2023.

Each gas refuelling station has been identified as a separate CGU for impairment assessment purpose. The carrying amounts of each CGU's property, plant and equipment and right-of-use assets will be written down to their recoverable amounts , which are estimated by calculation based on a discounted cash flow forecast ("**DCFF**") based on their value in use or their fair value less costs of disposal.

The Group assessed the recoverable amount of operating CGU and based on the discounted cash flow forecast by calculating their value in use based on a discounted cash flow forecast with pre-tax discount rate of 15% (2022: 15%). At the ended of the reporting period, the accumulated provision for impairment loss on those assets of approximately RMB3,925,000 (2022: approximately RMB3,925,000) was recognised.

The recoverable amounts of CGU under construction are determined by fair value less costs of disposal which was estimated by the market approach and depreciated replacement cost approach based on an estimation of the market value for the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimization on valuation reports prepared by the independent professional valuer, Shenzhen Peng Xin Assets Appraisal Land Real Estate Appraisal Co., Ltd. (2022: Bejing Yachao Asset Appraisal Co., Ltd.). One of the key unobservable inputs used in this valuation approach is residual ratio. A decrease in residual ratio would result in decrease in fair value measurement of the CGU under construction by the same percentage and vice versa. There was no change in the method of valuation and aggregation of assets for identifying the CGU under construction during the year. The recoverable amounts of the CGU under construction of approximately RMB28,375,000 were classified as level 3 under fair value hierarchy. Based on the valuation, impairment loss of approximately RMB6,023,000 on the CGU under construction with carrying amounts of approximately RMB34,398,000 considered necessary. At the end of the reporting period, the accumulated provision for impairment loss on CGU under construction of approximately RMB6,023,000 (2022: Nil) was recognized.

(c) At the end of the reporting period, the Group leases out certain of buildings and properties, refuelling equipment, motor vehicles and other equipment (2022: buildings and properties, refuelling equipment, motor vehicles and other equipment) together with the land use right and buildings and equipment under right-of-use assets which are set out in Note 13 to the consolidated financial statements (collectively as "leased-out stations") to third parties under operating leases. At the end of the reporting period, the aggregate carrying amount of the buildings and properties, refuelling equipment, motor vehicles and other equipment leased out amounted to approximately RMB575,000 (2022: approximately RMB673,000).

The lease terms range and the maturity analysis of undiscounted lease payments to be received from the leased-out stations is set out in Note 13 to the consolidated financial statements.

13. RIGHT-OF-USE ASSETS

The Group as lessee

	Land use rights RMB'000	Buildings and equipment RMB'000	Total RMB'000
Reconciliation of carrying amount — year ended 31 December 2022			
At beginning of the year	18,177	31,408	49,585
Depreciation	(723)	(2,827)	(3,550)
Contract modification	–	(22,269)	(22,269)
At the end of the reporting period	17,454	6,312	23,766
Reconciliation of carrying amount — year ended 31 December 2023			
At beginning of the year	**17,454**	**6,312**	**23,766**
Additions	**–**	**850**	**850**
Depreciation	**(724)**	**(1,682)**	**(2,406)**
Contract modification	**–**	**368**	**368**
At the end of the reporting period	**16,730**	**5,848**	**22,578**
At 31 December 2022			
Cost	20,246	12,486	32,732
Accumulated depreciation	(2,792)	(6,174)	(8,966)
Net carrying amount	17,454	6,312	23,766
At 31 December 2023			
Cost	**20,246**	**11,855**	**32,101**
Accumulated depreciation	**(3,516)**	**(6,007)**	**(9,523)**
Net carrying amount	**16,730**	**5,848**	**22,578**

The Group leases various land use rights, buildings and equipment for its daily operations. Lease terms range from 2 to 50 years (2022: 2 to 50 years).

13. RIGHT-OF-USE ASSETS *(Continued)*

The Group as lessee *(Continued)*

Restrictions or covenants

Most of the leases impose a restriction that, unless the approval is obtained from the lessor, the underlying assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets.

For leases of buildings, the Group is required to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Extension and termination options

Some of the lease contracts of buildings and equipment contain an extension and termination option, respectively. These options aim to provide flexibility to the Group in managing the leased assets. The extension option of the leases of buildings and equipment is normally exercised because there are significant leasehold improvements while the termination option in the leases of equipment is normally exercised because the Group could replace the assets without significant cost or business disruption. The Group seldom exercises options that were not included in the lease liabilities.

The Company has recognised the following amounts for the year:

	2023 **RMB'000**	2022 RMB'000
Short-term lease payments recognised in profit or loss	**695**	1,853
Lease liabilities payments	**2,041**	4,141
Total cash outflow for leases	**2,736**	5,994

The interest expenses on lease liabilities are set out in Note 27(b) to the consolidated financial statements.

Commitments under leases

At 31 December 2023, the Group was committed to approximately RMB30,000 (2022: approximately RMB130,000) for short-term leases.

13. RIGHT-OF-USE ASSETS *(Continued)*

The Group as lessor

At the end of the reporting period, the Group leases out certain of its land use right and buildings and equipment (2022: land use right and buildings and equipment) together with the assets set out in Note 12 to the consolidation financial statements to third parties under operating leases, At the end of the reporting period, the aggregate carrying amount of the right-of-use assets leased out amounted to approximately RMB1,078,000 (2022: RMB3,515,000).

The lease term of the leased-out stations was 1 to 10 years (2022: 1 to 10 years) and an option to renew the lease when all terms are renegotiated.

Accounting policies of lease income under operating leases are set out in Note 2 to the consolidated financial statements.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing the leased-out stations.

	2023 RMB'000	2022 RMB'000
Year 1	**260**	4,960
Year 2	**258**	4,958
Year 3	**87**	4,967
Year 4	**90**	4,790
Year 5	**94**	4,794
Over 5 years	**97**	5,031
Undiscounted lease payments to be received	**886**	29,500

The detail of the lease income for operating leases are set out in note 5 to the consolidated financial statements.

14. INTERESTS IN SUBSIDIARIES

Details of the principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ operation and legal from if established in PRC	Registered capital/issued share capital	Proportion of ownership interest		Principal activities
			Directly	Indirectly	
Zhengzhou Sino Gas Bus Fuel Company Limited ("**Zhengzhou Bus**") # (鄭州中油潔能巴士(燃氣)有限公司)	The PRC, limited liability company	RMB30,000,000	–	60%	Sale of CNG to vehicular end-users by operating refuelling stations
Guangzhou Sino Gas Fuel Chain Company Limited # (廣州中油潔能燃氣連鎖有限公司)	The PRC, limited liability company	RMB20,000,000	–	100%	Sale of LPG to vehicular end-users by operating refuelling stations
Sino Gas (Zhuhai) Limited # (中油潔能(珠海)石化有限公司)	The PRC, wholly foreign-owned enterprise	HK$38,000,000	–	100%	Investment holding
Zhuhai Sino Gas Dangerous Goods Transportation Company Limited # (珠海中油潔能危險品運輸有限公司)	The PRC, limited liability company	RMB10,000,000	–	100%	Fuel transportation
Xinzheng Yonghui Natural Gas Company Limited # (新鄭永輝天然氣有限公司)	The PRC, limited liability company	HK$12,000,000	–	100%	Sale of CNG to vehicular end-users by operating refuelling stations and wholesale of CNG
Henan Sino Gas Sales and Transportation Company Limited # (河南中油潔能銷售運輸有限公司)	The PRC, limited liability company	RMB12,000,000	–	100%	Fuel transportation
Zhuhai Hengqin Xinqu Sino Gas Fuel Company Limited # (珠海橫琴新區中油潔能燃氣有限公司)	The PRC, limited liability company	RMB5,000,000	–	100%	Investment holding
Guangzhou Sino Gas Logistics Company Limited # (廣州中油潔能物流有限公司)	The PRC	RMB10,000,000	–	100%	Fuel transportation

14. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ operation and legal from if established in PRC	Registered capital/issued share capital	Proportion of ownership interest		Principal activities
			Directly	Indirectly	
Guangdong Sino Gas Investment Company Limited # (廣東中油潔能投資有限公司)	The PRC, limited liability company	RMB100,000,000	–	100%	Investment holding
Guangzhou Sino Gas New Energy Company Limited # (廣州中油潔能新能源有限公司)	The PRC, limited liability company	RMB10,000,000	–	100%	Sale of LNG to vehicular end-users by operating refuelling stations
Henan Sino Gas Yonghui Natural Gas Company Limited # (河南中油潔能永輝天然氣有限公司)	The PRC, limited liability company	RMB10,000,000	–	100%	Sale of CNG and LNG to vehicular end-users by operating refuelling stations and wholesale of CNG and LNG
Henan Sino Gas Fuel Company Limited # (河南中油潔能燃氣有限公司)	The PRC, limited liability company	RMB10,000,000	–	100%	Wholesale of CNG and LNG
Sino Gas New Energy Investment Limited	Hong Kong	10,000 shares of Hong Kong Dollar ("**HK$**") 1 each	–	100%	Investment holding
Guangdong Sino Gas Petrochemical Company Limited # (廣東中油潔能石化有限公司)	The PRC, limited liability company	RMB20,000,000	–	100%	Wholesale of LPG
Sino Gas Investment Group Company Limited	Hong Kong	10,000 shares of HK$1 each	–	100%	Investment holding
Zhengzhou Transport Investment Sino Gas Fuel Company Limited ("**Zhengzhou Transport**") # (鄭州交投中油潔能燃氣有限公司)	The PRC, limited liability company	RMB100,000,000	–	51%	Sale of CNG to vehicular end-users by operating refuelling stations
Guangzhou Sino Gas Natural Gas Company Limited # (廣州中油潔能天然氣有限公司)	The PRC, limited liability company	RMB20,000,000	–	100%	Sale of natural gas
Xinyang Sino Gas Energy Company Limited # (信陽中油潔能能源有限公司)	The PRC, limited liability company	RMB6,500,000	–	100%	Sale of CNG to vehicular end- users by operating refuelling stations

14. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ operation and legal from if established in PRC	Registered capital/issued share capital	Proportion of ownership interest		Principal activities
			Directly	Indirectly	
Perfect Wise Asia Limited	The BVI	1 share of United States Dollar ("**US$**") 1 each	100%	–	Investment holding
Sino Gas Energy Group Limited	The BVI	100 shares of US$1 each	100%	–	Investment holding
Sino Gas Investments Holdings Group Limited	Hong Kong	1 share of HK$1 each	–	100%	Investment holding
Guangzhou Sino Gas Fuel Sales Company Limited # (廣州中油潔能燃氣銷售有限公司)	The PRC, limited liability company	RMB10,000,000	–	100%	Sale of LPG
Henan Blue Sky Sinopetroleum Clean Energy Science & Technology Company Limited # (河南藍天中油潔能科技有限公司)	The PRC, limited liability company	RMB20,000,000	–	100%	Sale of CNG to vehicular end- users by operating refuelling stations
Sino Gas Technology Group Limited	Hong Kong	1 share of HK$1 each	–	100%	Investment holding
Hebei Sino Gas New Energy Technology Company Limited # (河北中油潔能新能源科技有限公司)	The PRC, limited liability company	RMB10,000,000	–	51%	Wholesale of LNG

English translation for identification purposes only.

14. INTERESTS IN SUBSIDIARIES *(Continued)*

Financial information of subsidiaries with individually material NCI

The following table shows the information relating to each of the non-wholly owned subsidiaries that has material NCI. The summarized financial information represents amounts before inter-company eliminations.

At 31 December 2023

	Zhengzhou Transport RMB'000	Zhengzhou Bus RMB'000
Gross amount		
Current assets	2,948	120,199
Non-current assets	28,052	14,552
Current liabilities	(5,250)	(112,964)
Non-current liabilities	(1,721)	(91)
Equity	24,029	21,696
Reconciliation		
Gross amount of equity	24,029	21,696
NCI's ownership interests	49%	40%
NCI's share of equity	11,774	8,678

For the year ended 31 December 2023

	Zhengzhou Transport RMB'000	Zhengzhou Bus RMB'000
Revenue	–	114,363
Expenses	(5,547)	(112,165)
(Loss) Profit and total comprehensive (loss) income for the year	(5,547)	2,198
Total comprehensive (loss) income attributable to NCI	(2,718)	879
Net cash flow from (used in):		
Operating activities	(63)	1,704
Investing activities	–	2
Financing activities	–	(4)

14. INTERESTS IN SUBSIDIARIES *(Continued)*

Financial information of subsidiaries with individually material NCI *(Continued)*

At 31 December 2022

	Zhengzhou Transport RMB'000	Zhengzhou Bus RMB'000
Gross amount		
Current assets	2,791	62,750
Non-current assets	32,346	20,095
Current liabilities	(5,253)	(63,347)
Non-current liabilities	(308)	–
Equity	29,576	19,498
Reconciliation		
Gross amount of equity	29,576	19,498
NCI's ownership interests	49%	40%
NCI's share of equity	14,492	7,799

For the year ended 31 December 2022

	Zhengzhou Transport RMB'000	Zhengzhou Bus RMB'000
Revenue	–	106,900
Expenses	(1,094)	(118,229)
Loss and total comprehensive loss for the year	(1,094)	(11,329)
Total comprehensive loss attributable to NCI	(536)	(4,532)
Net cash flow from (used in):		
Operating activities	164	(3,019)
Investing activities	–	(129)

15. INTEREST IN AN ASSOCIATE

	2023 RMB'000	2022 RMB'000
Unlisted shares, at cost	**20,000**	20,000
Dividends received since acquisition	**(2,320)**	–
Share of post-acquisition results	**(434)**	154
Share of net assets	**17,246**	20,154

Details of an associate at the end of the reporting period are as follows:

Name of associate	Place of incorporation/ operation and legal from	Registered capital	Proportion of effective ownership interest held by the Group		Principal activities
			2023	2022	
Guangzhou Qiande Enterprise Management Consulting Partnership (Limited Partnership) (Formerly known as Guangzhou Qiande Education Consulting Partnership (Limited Partnership) ("**Guangzhou Qiande**") # 廣州乾德企業管理諮詢合夥企業(有限合夥)(廣州乾德教育諮詢合夥企業(有限合夥)))	The PRC, limited partnership enterprise	RMB45,000,000	**44.44%**	44.44%	Investment holding

English translation for identification purposes only.

The above associate is accounted for using the equity method in the consolidated financial statements.

Relationship with an associate

Guangzhou Qiande allows the Group to diversify its investment portfolio with an aim to enhancing the profitability.

Fair value of investment

The above associate is a private limited partnership and there is no quoted market price available for the investments.

15. INTEREST IN AN ASSOCIATE *(Continued)*

Financial information of an associate

Summarised financial information of the above associate of the Group is set out below, which represents amounts shown in the associate's financial statements and adjusted by the Group for equity accounting purposes in IFRS Accounting Standards.

At 31 December 2023

	Guangzhou Qiande RMB'000
Gross amount	
Current assets	398
Non-current assets	38,558
Current liabilities	(150)
Equity	38,806
Reconciliation	
Gross amount of equity	38,806
Group's ownership interests	44.44%
Group's share of equity	17,246

For the year ended 31 December 2023

	Guangzhou Qiande RMB'000
Gross amount	
Revenue	9
Loss from continuing operations for the year	(1,324)
Total comprehensive loss for the year	(1,324)
Dividends received from an associate	2,320

15. INTEREST IN AN ASSOCIATE *(Continued)*

Financial information of an associate *(Continued)*

At 31 December 2022

	Guangzhou Qiande RMB'000
Gross amount	
Current assets	347
Non-current assets	45,000
Equity	45,347
Reconciliation	
Gross amount of equity	45,347
Group's ownership interests	44.44%
Group's share of equity	20,154

For the year ended 31 December 2022

	Guangzhou Qiande RMB'000
Gross amount	
Revenue	340
Loss from continuing operations for the year	(13)
Total comprehensive loss for the year	(13)

Unrecognised share of loss of an associate

As at 31 December 2023, there is no unrecognised share of loss of an associate (2022: Nil).

Contingent liabilities

As at 31 December 2023, there are no contingent liabilities incurred by the Group in relation to its interest in an associate (2022: Nil).

16. INTEREST IN A JOINT VENTURE

	2023 RMB'000	2022 RMB'000
Unlisted shares, at cost	**38,500**	38,500
Share of post-acquisition results	**(16,243)**	(14,536)
Provision for impairment loss	**(11,617)**	(11,617)
Share of net assets	**10,640**	12,347

Details of a joint venture at the end of the reporting period are as follows:

Name of joint venture	Place of incorporation/ operation and legal from	Registered capital	Proportion of effective ownership interest held by the Group		Principal activities
			2023	2022	
Jiangmen Xinjiang Gas Company Limited ("**JM Xinjiang Gas**") # (江門市新江煤氣有限公司)	The PRC, limited liability company	RMB119,600,000	**50%**	50%	Wholesale of LPG

English translation for identification purposes only.

The above joint venture is accounted for using the equity method in the consolidated financial statements.

Relationship with a joint venture

JM Xinjiang Gas operates three LPG domestic stations and supplies LPG to other LPG fuel operators on wholesale basis. The Group is one of the major suppliers of LPG to JM Xinjiang Gas which allows the Group to capture business opportunities from the sustainable growth of industrial and residential LPG market in Guangdong Province.

Fair value of investment

The above joint venture is private company and there is no quoted market price available for the investment.

16. INTEREST IN A JOINT VENTURE *(Continued)*

Financial information of the joint venture

Summarised financial information of the above joint venture of the Group is set out below, which represents amounts shown in the joint venture's financial statements and adjusted by the Group for equity accounting purposes in IFRS Accounting Standards.

	2023 RMB'000	2022 RMB'000
At 31 December		
Gross amount		
Current assets	**1,069,808**	549,432
Non-current assets	**37,710**	34,939
Current liabilities	**(1,063,192)**	(559,616)
Non-current liabilities	**(23,047)**	(61)
Equity	**21,279**	24,694
Included in the above:		
Cash and cash equivalents	**964,348**	469,961
Current financial liabilities*	**999,900**	503,750
Non-current financial liabilities*	**23,000**	–
Reconciliation		
Gross amount of equity	**21,279**	24,694
Group's ownership interests	**50%**	50%
Group's share of net assets	**10,640**	12,347
For the year ended 31 December		
Gross amount		
Revenue	**935,281**	1,568,192
Reconciliation		
Loss and total comprehensive loss for the year	**(3,414)**	(2,282)
Group's ownership interests	**50%**	50%
Group's share of result	**(1,707)**	(1,141)
Included in above:		
Depreciation and amortisation	**2,756**	2,650
Interest income	**16,782**	3,927
Interest expense	**14,356**	4,899

* Exclude trade and other payables and provisions.

16. INTEREST IN A JOINT VENTURE *(Continued)*

Unrecognised share of loss of a joint venture

As at 31 December 2023, there is no unrecognised share of loss of a joint venture (2022: Nil).

Contingent liabilities

As at 31 December 2023, there are no contingent liabilities incurred by the Group in relation to its interest in a joint venture (2022: Nil).

17. FINANCIAL ASSETS MEASURED AT FVPL

	Note	**2023 RMB'000**	2022 RMB'000
Mandatorily measured at FVPL			
Non-current assets			
Unlisted equity securities	*17(a)*	**25,366**	24,367

17(a) The unlisted equity securities represent investments in four (2022: four) equity securities which were set up as limited partnerships in the PRC, aiming at allocating idle funds reasonably and increasing return on asset. The valuation techniques and significant inputs used in the measurement of the fair values of the unlisted equity securities are set out in note 31 to the consolidated financial statements.

18. INVENTORIES

	2023 RMB'000	2022 RMB'000
Gas	**525**	152
Spare parts	**2,052**	1,945
	2,577	2,097

19. TRADE AND OTHER RECEIVABLES

	Note	2023 RMB'000	2022 RMB'000
Trade receivables			
From third parties	*19(a)*	**154,901**	111,862
From a joint venture	*19(b)*	**24,174**	39,097
		179,075	150,959
Less: Loss allowance	*29(a)*	**(2,410)**	(1,846)
	19(c)	**176,665**	149,113
Other receivables			
Prepayments for purchase of inventories	*19(d)*	**31,810**	36,779
Loan to a third party	*19(e)*	**4,962**	6,271
Deposits and other receivables		**14,543**	27,092
		51,315	70,142
Less: Loss allowance	*29(a)*	**(8,083)**	(8,083)
		43,232	62,059
		219,897	211,172

At 31 December 2023, no trade and other receivables that are expected to be recovered after more than 12 months (2022: Nil).

Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in Note 29(a) to the consolidated financial statements.

19(a) The amounts due are unsecured, interest-free and with credit period of 30 to 90 days.

19(b) The amounts due are unsecured, interest-free and repayable on demand.

19. TRADE AND OTHER RECEIVABLES *(Continued)*

19(c) The ageing analysis of trade receivables by invoice date and net of loss allowance is summarised as follows:

	2023 RMB'000	2022 RMB'000
Within 1 month	**175,868**	144,264
1 to 3 months	**274**	3,717
3 to 6 months	**375**	1,132
Over 6 months	**148**	–
	176,665	149,113

The balances are trade receivables from contracts with customers within IFRS 15 for both years. As at 31 December 2023, impairment loss of approximately RMB2,410,000 (2022: approximately RMB1,846,000) is recognised for trade receivables from contracts with customers within IFRS 15.

19(d) Prepayments for purchase of inventories

These prepayments for purchase of inventories to suppliers are unsecured, interest-free and will be used to offset against future purchases from suppliers.

19(e) Loan to a third party

The loan of RMB10,000,000 was guaranteed by a corporate guarantee given by a shareholder of Jiangmen Yinyan Real Estate Development Co., Ltd. ("**JM Yinyan**"). The original expiry date of the loan was due on 30 April 2021 and further extend the loan maturity date to 30 June 2024 (2022: 30 June 2023). At the end of the reporting period, loan principal of RMB3,100,000 (2022: RMB5,000,000) bears interest at effective interest rate of 13.8% (2022: 13.8%) and the remaining balance is interest-free.

The Group has hold collateral of properties amounted to RMB10,000,000 (2022: RMB10,000,000) given by JM Yinyan to indemnify it against any loss that may arise from non-settlement of loan to and interest receivables due from the third party up to an extent of approximately RMB4,962,000 (2022: approximately RMB6,271,000).

20. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	Note	2023 RMB'000	2022 RMB'000
Current assets			
Bank balances and cash	*20(a)*	**157,872**	91,833
Pledged and restricted deposits	*20(b)*	**387,500**	427,500
Total cash and cash equivalents, pledged and restricted deposits	*20(c)*	**545,372**	519,333
Less: Pledged and restricted deposits		**(387,500)**	(427,500)
As stated in consolidated statement of cash flows		**157,872**	91,833

20(a) Cash at bank earns interest at floating rates based on daily deposit rates.

20(b) Pledged and restricted deposits earn interest at the prevailing deposit rates. At the end of the reporting period, approximately RMB387,500,000 (2022: approximately RMB427,500,000) was pledged as securities to secure for the interest-bearing borrowings as disclosed in Note 22 of the consolidated financial statements.

20(c) The Group's operations in the PRC (excluding Hong Kong) conducted their businesses in RMB. RMB is not freely convertible currency and the remittance of funds out of the PRC (excluding Hong Kong) is subject to the exchange restrictions imposed by the PRC government.

Information about the Group's exposure to credit risks for cash at bank and in hand and pledged and restricted deposits is included in Note 29(a) to the consolidated financial statements.

21. TRADE AND OTHER PAYABLES

	Note	**2023 RMB'000**	2022 RMB'000
Trade payables			
To third parties	*21(a)*	**242**	6,863
Contract liabilities	*21(b)*	**14,340**	8,859
Other payables			
Accrued charges and other payables		**18,154**	14,198
Employee benefits payables		**2,281**	2,775
Other tax payables		**1,161**	3,054
		21,596	20,027
		36,178	35,749

21(a) The trade payables to third parties are unsecured, interest-free and with credit period of 30 to 90 days.

The ageing analysis of trade payables by invoice date is summarised as follows:

	2023 RMB'000	2022 RMB'000
Within 1 month	**33**	4,620
1 to 3 months	**24**	204
3 to 6 months	**–**	512
Over 6 months	**185**	1,527
	242	6,863

21. TRADE AND OTHER PAYABLES *(Continued)*

21(b) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within IFRS 15 during the year are as follows:

	2023 RMB'000	2022 RMB'000
At beginning of the year	**8,859**	4,010
Receipt in advance	**13,715**	8,859
Recognised as revenue	**(8,234)**	(4,010)
At the end of the reporting period	**14,340**	8,859

Unsatisfied or partially unsatisfied performance obligations

All of the performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2023 (2022: all) are part of contracts that have an original expected duration of one year or less.

22. INTEREST-BEARING BORROWINGS

	2023 RMB'000	2022 RMB'000
Bank loans		
Secured	**507,500**	507,500

The maturity of the interest-bearing borrowings and analysis of the amount due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) are as follows:

	2023 RMB'000	2022 RMB'000
Current portion	**507,500**	507,500

The Group's secured bank loans are pledged by following assets:

	2023 RMB'000	2022 RMB'000
Pledged and restricted deposits	**387,500**	427,500

22. INTEREST-BEARING BORROWINGS *(Continued)*

Some banking facilities are subject to the fulfillment of covenants relating to certain financial ratios as are commonly found in lending arrangements with financial institutions. If the Group breached the covenants, the drawn down facilities would become repayable on demand.

The Group regularly monitors its compliance with these covenants and the scheduled repayments of the term loans and does not consider it probable that the relevant banks will exercise its discretion to demand for repayment so long as the Group continues to meet these requirements. Throughout the reporting period, none of the covenants relating to drawn down facilities had been breached (2022: Nil).

The weighted average effective interest rate on the interest-bearing borrowings is 2.95% (2022: 2.27%) per annum.

Secured bank loans are guaranteed by corporate guarantees given by subsidiaries and personal guarantee given by the ultimate controlling party (2022: the subsidiaries and personal guarantee given by the ultimate controlling party), bear interest at a fixed rate of 1.25% to 2.60% (2022: 1.65% to 3.69%) and mature within 1 year (2022: 1 year).

All the interest-bearing borrowings are denominated RMB.

As at 31 December 2023, the Group had discounted bills receivables with carrying amount of Nil (2022: RMB301,000,000) to banks in exchange for cash with recourse in the ordinary course of business. The Directors consider the Group has transferred the significant risks and rewards relating to these bills receivables and the risk of default in payment of these bills receivables is low, therefore the bills receivables and corresponding interest-bearing borrowings balances were not recognised in the consolidated financial statements for the year ended 31 December 2023 and the accounting treatment has been consistently applied since there was no changes during the years ended 31 December 2023 and 2022.

23. LEASE LIABILITIES

	2023 RMB'000	2022 RMB'000
Current portion	**1,050**	1,175
Non-current portion	**2,396**	2,886
	3,446	4,061

The weighted average incremental borrowing rates applied to the lease liabilities are ranging from 5% to 5.49% (2022: 5.00% to 5.49%).

24. DEFERRED TAXATION

The movements for the year in the Group's net deferred tax assets are as follows:

	2023 RMB'000	2022 RMB'000
At beginning of the year	**9,838**	9,575
(Charge) Credit to profit or loss (Note 8)	**(665)**	263
At the end of the reporting period	**9,173**	9,838

Recognised deferred tax assets and liabilities at the end of the reporting period represent the following:

	As at 31 December 2023		As at 31 December 2022	
	Assets RMB'000	**Liabilities RMB'000**	Assets RMB'000	Liabilities RMB'000
Loss allowance on trade and other receivables	**2,721**	**–**	2,623	–
Fair value adjustment on acquisition of a subsidiary	**–**	**(1,736)**	–	(1,736)
Impairment losses on interest in a joint venture	**2,904**	**–**	2,904	–
Impairment losses on property, plant and equipment	**922**	**–**	981	–
Tax losses	**3,714**	**–**	4,058	–
Others	**648**	**–**	1,110	(102)
Deferred tax assets (liabilities)	**10,909**	**(1,736)**	11,676	(1,838)

The deferred tax assets include an amount of approximately RMB3,714,000 (2022: approximately RMB4,058,000) which relates to carried-forward tax losses of certain subsidiaries of the Group. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for these subsidiaries. These subsidiaries are expected to generate taxable income from 2024 onwards. The losses can be carried forward for a maximum of 5 years from the year in which the tax loss was incurred.

Unrecognised deferred tax assets arising from

	2023 RMB'000	2022 RMB'000
Before multiplied by the applicable tax rates:		
Tax losses	**27,602**	29,196

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

24. DEFERRED TAXATION *(Continued)*

Unrecognised deferred tax assets arising from *(Continued)*

At the end of the reporting period, the Group has the following tax losses arising in the PRC that can be offset against future taxation profits of the subsidiary for a maximum of 5 years from the year in which the tax loss was incurred:

	2023 RMB'000	2022 RMB'000
Year of expiry		
2023	**–**	4,493
2024	**4,195**	6,292
2025	**860**	1,833
2026	**1,502**	6,655
2027	**18,851**	9,923
2028	**2,194**	–
	27,602	29,196

Unrecognised deferred tax liabilities

At 31 December 2023, the undistributed earnings where deferred tax liabilities in respect of PRC withholding tax that would be payable on the distribution of these earnings is approximately RMB324,290,000 (2022: approximately RMB317,321,000). In the opinion of the directors, the undistributed earnings, at the present time, are required for financing the continuing operations of these entities and no distribution would be made in the foreseeable future. Accordingly, no provisions for additional deferred taxation have been made.

25. SHARE CAPITAL

	2023 Number of shares	**2023 HK$'000**	2022 Number of shares	2022 HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**2,000,000,000**	**20,000**	2,000,000,000	20,000

	Number of shares	**RMB'000**	Number of shares	RMB'000
Issued and fully paid:				
At beginning of the year and **at the end of the reporting period**	**216,000,000**	**1,892**	216,000,000	1,892

26. RESERVES

(a) Share Premium

The application of the share premium account is governed by the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

(b) Statutory reserve

In accordance with the relevant PRC laws and regulations, the Company's PRC subsidiaries are required to appropriate to the statutory reserve not less than 10% of the amount of profit after taxation (as reported in the respective statutory financial statements of the PRC subsidiaries prepared in accordance with the PRC accounting regulations). If the accumulated statutory reserve reaches 50% of the registered capital of the respective PRC subsidiaries, the subsidiary may not be required to make any further appropriation. The transfer to the surplus reserve must be made before distribution of dividends to shareholders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(c) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of functional currency to presentation currency. The reserve is dealt with in accordance with the accounting policies set out in Note 2 to the consolidated financial statements.

(d) Other reserve

The balance represented the difference between the considerations of disposal of certain equity interests in subsidiaries and the carrying amount of the proportionate net assets, and the group reorganisation took place on 11 June 2018 prior to the initial listing of the Company's shares on the Stock Exchange.

27. OTHER CASH FLOW INFORMATION

(a) Cash generated from operations

	2023 RMB'000	2022 RMB'000
Profit before taxation	**10,043**	9,806
Interest income	**(18,087)**	(12,197)
Interest expenses	**15,158**	14,393
Depreciation	**12,333**	16,104
Provision for impairment loss on trade and other receivables	**564**	–
Provision for impairment loss on property, plant and equipment	**6,023**	–
Gain arising from changes in fair value of financial assets measured at FVPL	**(999)**	(8,017)
Loss on disposal of property, plant and equipment	**1,978**	5,985
Gain on lease modification	**–**	(2,364)
Share of result of an associate	**588**	6
Share of result of a joint venture	**1,707**	1,141
Changes in working capital:		
Inventories	**(480)**	840
Trade and other receivables	**(15,618)**	(26,004)
Trade and other payables	**429**	10,894
Cash generated from operations	**13,639**	10,587

(b) Changes in liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Year ended 31 December 2023			
At beginning of the year	**507,500**	**4,061**	**511,561**
Additions	**–**	**850**	**850**
Interest expenses	**14,950**	**208**	**15,158**
Contract modification	**–**	**368**	**368**
Net cash flows	**(14,950)**	**(2,041)**	**(16,991)**
At the end of the reporting period	**507,500**	**3,446**	**510,946**

27. OTHER CASH FLOW INFORMATION *(Continued)*

(b) Changes in liabilities arising from financing activities *(Continued)*

	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Year ended 31 December 2022			
At beginning of the year	476,500	31,865	508,365
Interest expenses	13,423	970	14,393
Contract modification	–	(24,633)	(24,633)
Net cash flows	17,577	(4,141)	13,436
At the end of the reporting period	507,500	4,061	511,561

28. RELATED PARTY TRANSACTIONS

The continuing connected transactions under the Listing Rules are set out in the Report of the Directors of this annual report.

(i) Other than disclosed elsewhere in the consolidated financial statements, the Group had the following related party transactions during the years.

Relationship	Nature of transactions	2023 RMB'000	2022 RMB'000
A joint venture	Sales of goods	**758,544**	1,183,348
	Service income	**3,264**	409

(ii) Remuneration for key management personnel (including all directors of the Company) of the Group:

	2023 RMB'000	2022 RMB'000
Salaries, allowances and other short-term benefits	**2,787**	2,722
Contributions to defined contribution retirement schemes	**41**	47
	2,828	2,769

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments

	2023 RMB'000	2022 RMB'000
Financial assets measured at amortised cost		
Pledged and restricted deposits	**387,500**	427,500
Trade and other receivables#	**188,087**	174,393
Bank balances and cash	**157,872**	91,833
	733,459	693,726
Financial assets measured at FVPL		
Unlisted equity securities	**25,366**	24,367
	758,825	718,093
Financial liabilities measured at amortised cost		
Trade and other payables*	**18,396**	21,061
Interest-bearing borrowings	**507,500**	507,500
Lease liabilities	**3,446**	4,061
	529,342	532,622

excluding prepayment for purchase of inventories

* excluding contract liabilities, employee benefits payables and other tax payables

The main purpose of these financial instruments is to raise and maintain finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk.

The directors of the Company generally adopt conservative strategies on its risk management and limit the Group's exposure to these risks to a minimum level. The directors of the Company review and agree policies for managing each risk as summarised below and they manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group reviews the recoverable amount of each individual financial assets at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. The default risk of the industry and country in which debtors operate also has an influence on credit risk but to a lesser extent. Credit quality of a debtors is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

As at the end of the reporting period, the Group had a concentration of credit risk as 52% (2022: 24%) and 84% (2022: 94%) of the total trade receivables were made up by the Group's largest debtors and the five largest debtors respectively.

The Group's debtors base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the debtors' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and contract assets and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past recent years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the year.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables *(Continued)*

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is summarised below.

As at 31 December 2023

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowances RMB'000	Credit-impaired
Non-credit impaired				
Not past due	–	19,815	–	No
Within 1 month	–	91,833	–	No
1 to 3 months	–	64,452	–	No
3 to 6 months	–	565	–	No
		176,665	–	
Credit impaired				
Over 6 months	100%	2,410	2,410	Yes
		179,075	2,410	

As at 31 December 2022

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowances RMB'000	Credit-impaired
Non-credit impaired				
Not past due	–	27,807	–	No
Within 1 month	–	116,463	–	No
1 to 3 months	–	3,717	–	No
3 to 6 months	–	1,126	–	No
		149,113	–	
Credit impaired				
Over 6 months	100%	1,846	1,846	Yes
		150,959	1,846	

The Group does not hold any collateral over trade receivables as at 31 December 2023 (2022: Nil).

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables *(Continued)*

As at 31 December 2023, the Group recognised loss allowance of approximately RMB2,410,000 (2022: approximately RMB1,846,000) on the trade receivables. The movement in the loss allowance for trade receivables during the year is summarised below.

	2023 RMB'000	2022 RMB'000
At beginning of the year	**1,846**	1,846
Increase in allowance	**564**	–
At the end of the reporting period	**2,410**	1,846

Other receivables

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience and the financial position of the counterparties by reference to, among others, their management or audited accounts adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

At the end of the reporting period, the Group considers the credit quality of certain debtors was worsen which gave rise to a significant increase in credit risk and therefore considered as credit-impaired. The Group measures the provision for impairment on gross amount of the other receivables of approximately RMB8,083,000 (2022: approximately RMB8,083,000) which is equal to the lifetime ECL and recognised loss allowance of approximately RMB8,083,000 (2022: approximately RMB8,083,000) on these credit-impaired other receivables.

The Group does not hold any collateral over these credit-impaired other receivables as at 31 December 2023 (2022: Nil).

The movement in the loss allowance for these credit-impaired other receivables during the year is summarised below.

	2023 RMB'000	2022 RMB'000
At beginning of the year and **at the end of the reporting period**	**8,083**	8,083

The Group considers that the remaining other receivables have low credit risk based on the counterparties' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on the remaining other receivables is measured on 12-month ECL and reflects the short maturities of the exposures. At 31 December 2023, the additional loss allowance for provision for the remaining other receivables was insignificant.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Credit risk *(Continued)*

Pledged and restricted deposits and bank balances and cash

The management considers the credit risk those balances are minimal because the counterparties are authorised financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

(b) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. To minimise liquidity risks, management of the Group regularly reviews the current and expected liquidity requirements of operating units to ensure they maintain sufficient reserves of cash to meet operational needs so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet their liquidity requirements in the short and longer terms.

The maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below.

	Carrying amount RMB'000	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total contractual undiscounted cash flow RMB'000
As at 31 December 2023						
Trade and other payables*	**18,396**	**18,396**	**–**	**–**	**–**	**18,396**
Lease liabilities	**3,446**	**1,235**	**1,134**	**2,100**	**–**	**4,469**
Interest-bearing borrowings	**507,500**	**507,500**	**–**	**–**	**–**	**507,500**
	529,342	**527,131**	**1,134**	**2,100**	**–**	**530,365**

	Carrying amount RMB'000	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2022						
Trade and other payables*	21,061	21,061	–	–	–	21,061
Lease liabilities	4,061	1,236	625	1,877	677	4,415
Interest-bearing borrowings	507,500	507,615	–	–	–	507,615
	532,622	529,912	625	1,877	677	533,091

* excluding contract liabilities, employee benefits payables and other tax payables

30. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure to maintain a balance between liquidity, investment and borrowings, and makes adjustments, including payment of dividends to shareholders or issues new shares in the light of changes in the economic environment. No changes were made in the Group's objectives, policies or processes in managing capital during the years ended 31 December 2023 and 2022.

The Group monitors its capital, which comprises all equity components, using a gearing ratio which is calculated on the basis of the Group's total liabilities over total assets. The gearing ratio at the end of the reporting period was as follows:

	2023 RMB'000	2022 RMB'000
Current liabilities	**544,728**	544,424
Non-current liabilities	**4,132**	4,724
Total liabilities	**548,860**	549,148
Current assets	**769,101**	737,646
Non-current assets	**186,791**	210,272
Total assets	**955,892**	947,918
Gearing ratio	**57.4%**	57.9%

31. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the consolidated financial statements on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13, "*Fair Value Measurement*" with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

As at 31 December 2023

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Assets measured at fair value				
Financial assets measured at FVPL				
Unlisted equity securities	**–**	**–**	**25,366**	**25,366**

As at 31 December 2022

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value				
Financial assets measured at FVPL				
Unlisted equity securities	–	–	24,367	24,367

During the years ended 31 December 2023 and 2022, there were no transfer between Level 1 and Level 2 fair value measurement, and no transfer into and out of Level 3 fair value measurements.

31. FAIR VALUE MEASUREMENTS *(Continued)*

Movements in Level 3 fair value measurements

	Unlisted equity securities As at 31 December	
	2023 RMB'000	2022 RMB'000
At beginning of the year	**24,367**	16,350
Fair value gain recognised in profit or loss	**999**	8,017
At the end of the reporting period	**25,366**	24,367

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

Description	Fair value at 31 December 2023 RMB'000	Valuation techniques	Unobservable input	Range (weighted average, if applicable)	Sensitivity of fair value to changes in unobservable inputs
Financial assets measured at FVPL — unlisted equity securities	**25,366**	**Net asset value of the private limited partnerships as reported by investment fund managers**	**n/a**	**n/a**	**n/a**

Description	Fair value at 31 December 2022 RMB'000	Valuation techniques	Unobservable input	Range (weighted average, if applicable)	Sensitivity of fair value to changes in unobservable inputs
Financial assets measured at FVPL — unlisted equity securities	24,367	Net asset value of the private limited partnerships as reported by investment fund managers	n/a	n/a	n/a

31. FAIR VALUE MEASUREMENTS *(Continued)*

Assets and liabilities with fair value disclosure, but not measured at fair value

The carrying amounts of financial assets and liabilities not measured at fair value are carried at amounts not materially different from their fair values as at 31 December 2023 and 2022.

32. COMMITMENTS

Capital expenditure commitments

	2023 RMB'000	2022 RMB'000
Contracted but not provided net of deposit paid for property, plant and equipment	**1,437**	1,437

33. CONTINGENT LIABILITIES

In 2019, a subsidiary of the Group and other third parties have been claimed, as the defendants, to compensate for damages arising from debt disputes with the plaintiff. The maximum liability of the Group under the claims may amount to approximately RMB69,350,000 (the "**Claim I**"). In 2020, a judgement was determined in favor of the subsidiary of the Group without liability. In 2021, the aforesaid judgement was revoked for a re-trial and subsequently were completed and determined that no liability was required for the Group in 2022. After the completion of re-trial, the plaintiff has further submitted an appeal on the judgement. In June 2023, the court determined again that the subsidiary of the Group should not have liability. As at the date of the report, the plaintiff is seeking an appeal on the judgement again.

In 2023, same subsidiary of the Group and other third parties have also been claimed, as the defendants, to compensate for damages for the purpose of debt disputes with the plaintiff. The maximum exposure of the Group under the claims may amount to approximately RMB14,054,000 (the "**Claim II**"). The court trial of case commenced on 20 November 2023.

Up to date of this report, no further progress for Claim I and Claim II (collectively as "**Claim cases**") was noted. In accordance with legal advice sought, these two Claim Cases had the similar nature and the Group highly probably not to found liable to those Claim Cases. The Directors do not consider the Claim Cases are probable that the subsidiary of the Group will be liable and no provision had been made for the year ended 31 December 2023 (2022: Nil).

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	**2023 RMB'000**	2022 RMB'000
Non-current assets			
Interests in subsidiaries	*14*	**57,760**	56,934
Amounts due from subsidiaries		**115,119**	113,956
		172,879	170,890
Current assets			
Bank balances		**519**	515
Current liabilities			
Amounts due to subsidiaries		**4,107**	1,465
Other payables		**2,914**	3,183
		7,021	4,648
Net current liabilities		**(6,502)**	(4,133)
NET ASSETS		**166,377**	166,757
Share capital		**1,892**	1,892
Reserves		**164,485**	164,865
TOTAL EQUITY		**166,377**	166,757

This statement of financial position was approved and authorised for issue by the Board of Directors on and signed on 27 March 2024 its behalf by:

Cui Meijian
Executive Director

Ji Ling
Executive Director

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movements of the reserves

	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2022	1,892	173,360	(7,625)	(5,700)	161,927
Loss for the year	–	–	–	(9,853)	(9,853)
Other comprehensive income: — Exchange difference on translation of the Company's financial statements	–	–	14,683	–	14,683
As at 31 December 2022	1,892	173,360	7,058	(15,553)	166,757
As at 1 January 2023	**1,892**	**173,360**	**7,058**	**(15,553)**	**166,757**
Loss for the year	**–**	**–**	**–**	**(2,794)**	**(2,794)**
Other comprehensive income: — Exchange difference on translation of the Company's financial statements	**–**	**–**	**2,414**	**–**	**2,414**
As at 31 December 2023	**1,892**	**173,360**	**9,472**	**(18,347)**	**166,377**

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023** **RMB'000**
Revenue	1,278,898	1,284,358	1,907,822	1,947,946	**1,406,112**
Profit before tax	33,250	18,311	14,046	9,806	**10,043**
Income tax expenses	(12,763)	(5,320)	(5,598)	(3,664)	**(3,333)**
Profit for the year	20,487	12,991	8,448	6,142	**6,710**
Attributable to					
Equity holders of the Company	22,045	12,627	9,664	11,076	**8,793**
Non-controlling interests	(1,558)	364	(1,216)	(4,934)	**(2,083)**
Profit for the year	20,487	12,991	8,448	6,142	**6,710**

ASSETS AND LIABILITIES

	As at 31 December				
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023** **RMB'000**
Total assets	597,379	666,797	919,467	947,918	**955,892**
Total liabilities	(225,234)	(287,309)	(535,029)	(549,148)	**(548,860)**
Net assets	372,145	379,488	384,438	398,770	**407,032**
Attributable to:					
Equity holders of the Company	344,150	350,019	356,597	375,863	**386,208**
Non-controlling interests	27,995	29,469	27,841	22,907	**20,824**
Total equity	372,145	379,488	384,438	398,770	**407,032**