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湖州燃气股份有限公司

Huzhou Gas Co., Ltd.*

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

(Stock Code: 06661)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

FINANCIAL HIGHLIGHTS

- The sales volume of natural gas for the Year was 602.71 million m³, representing an increase of 4.65% as compared with the year ended 31 December 2023.
- Revenue for the Year was RMB2,372.64 million, representing a decrease of 2.58% as compared with the year ended 31 December 2023.
- Profit attributable to owners of the Group for the Year was RMB117.79 million, representing an increase of 6.27% as compared with the year ended 31 December 2023.
- The Board has proposed to pay the final dividend of RMB0.30 (tax inclusive) per share for the year ended 31 December 2024, which remains unchanged compared with the final dividend for the year ended 31 December 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of Huzhou Gas Co., Ltd.* (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2024 (the “**Reporting Period**” or the “**Year**”), together with comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	4	2,372,643	2,435,567
Cost of sales		<u>(2,094,450)</u>	<u>(2,168,637)</u>
Gross profit		278,193	266,930
Other income and gains	5	30,650	48,952
Selling and distribution expenses		(35,740)	(33,255)
Administrative expenses		(48,612)	(48,722)
Impairment losses on financial assets, net		(3,319)	(1,764)
Other expenses		(12,634)	(10,399)
Finance costs	7	(2,458)	(3,566)
Share of losses of:			
Joint ventures		<u>(63)</u>	<u>(1,865)</u>
PROFIT BEFORE TAX	6	206,017	216,311
Income tax expense	8	<u>(36,871)</u>	<u>(52,013)</u>
PROFIT FOR THE YEAR		<u>169,146</u>	<u>164,298</u>
Attributable to:			
Owners of the parent		117,792	110,837
Non-controlling interests		<u>51,354</u>	<u>53,461</u>
		<u>169,146</u>	<u>164,298</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<i>10</i>		
Basic			
– For profit for the year (RMB)		<u>0.58</u>	<u>0.55</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PROFIT FOR THE YEAR	169,146	164,298
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Fair value reserve of financial assets at fair value through other comprehensive income:		
Initial recognition of bills receivable as settlement of trade receivables	–	(36)
Changes in fair value	34	181
Income tax effect	(8)	(36)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	26	109
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	26	109
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	169,172	164,407
Attributable to:		
Owners of the parent	117,818	110,946
Non-controlling interests	51,354	53,461
	169,172	164,407

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT ASSETS			
Lease receivables		3,697	4,169
Property, plant and equipment		1,045,193	1,006,754
Investment properties		244	1,300
Right-of-use assets		72,774	68,209
Goodwill		28,506	28,506
Other intangible assets		69,427	76,869
Investments in joint ventures		11,986	9,716
Deferred tax assets		10,080	1,427
		<hr/>	<hr/>
Total non-current assets		1,241,907	1,196,950
CURRENT ASSETS			
Inventories		14,868	15,978
Lease receivables		1,360	949
Trade and bills receivables	<i>11</i>	54,466	77,858
Prepayments, other receivables and other assets		30,253	44,888
Due from related parties		8,497	7,448
Pledged deposits		20	24
Time deposits		30,000	–
Cash and cash equivalents		828,524	857,579
		<hr/>	<hr/>
Total current assets		967,988	1,004,724
CURRENT LIABILITIES			
Trade payables	<i>12</i>	127,743	121,879
Other payables and accruals		147,837	163,446
Contract liabilities		262,964	310,351
Interest-bearing bank and other borrowings	<i>13</i>	300	–
Due to related parties		35,938	20,010
Tax payables		31,454	34,524
Lease liabilities		1,021	561
		<hr/>	<hr/>
Total current liabilities		607,257	650,771
NET CURRENT ASSETS			
		<hr/> 360,731 <hr/>	<hr/> 353,953 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/> 1,602,638 <hr/>	<hr/> 1,550,903 <hr/>

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities		105,537	125,824
Interest-bearing bank and other borrowings	<i>13</i>	14,550	–
Deferred tax liabilities		21,652	37,336
Deferred income		71,505	3,500
Other non-current liabilities		30,367	87,553
Lease liabilities		23,810	18,899
		<hr/>	<hr/>
Total non-current liabilities		267,421	273,112
		<hr/>	<hr/>
Net assets		1,335,217	1,277,791
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>14</i>	202,715	202,715
Reserves		1,035,433	978,429
		<hr/>	<hr/>
		1,238,148	1,181,144
		<hr/>	<hr/>
Non-controlling interests		97,069	96,647
		<hr/>	<hr/>
Total equity		1,335,217	1,277,791
		<hr/>	<hr/>

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

31 December 2024

1. CORPORATE AND GROUP INFORMATION

Huzhou Gas Co., Ltd. is a joint stock company with limited liability established in the People's Republic of China (the "PRC"). The registered office of the Company is located at No. 227, Sizhong Road, Wuxing District, Huzhou, Zhejiang Province, China.

During the year, the Group was involved in the following principal activities:

- the sale of gas, mainly piped natural gas ("PNG") (under the concessions) and liquefied natural gas ("LNG") in Huzhou;
- the provision of construction and installation services to construct and install end-user pipeline network and gas facilities for customers such as property developers and owners or occupants of residential and non-residential properties;
- others, including the sale of household gas appliances and relevant equipment, energy, distributed photovoltaic power and the leasing of properties in Mainland China.

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 July 2022.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for bills receivable and wealth management products which have been measured at fair value. These financial statements are presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and

- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill) liabilities of the subsidiary, any non-controlling interest, and the exchange fluctuation reserve; and recognises the fair value of any investment retained, and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year’s financial statements.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ 2020 Amendments ”)
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the “ 2022 Amendments ”)
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised IFRS Accounting Standards are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group has only one reportable operating segment which engages in (i) sale of gas, mainly PNG (under the concessions) and LNG in Huzhou; (ii) provision of construction and installation services; and (iii) others, including the sale of energy, household gas appliances and relevant equipment, distributed photovoltaic power and the leasing of properties. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Geographical information is not presented since all of the Group's revenue from external customers is generated in Mainland China and all of the non-current assets of the Group are located in Mainland China.

Information about major customers

Revenue of approximately RMB205,897,000 (2023: RMB198,624,000) was derived from sales by the natural gas operation segment to one customer, Group A. Group A represents three customers under the control of a same shareholder.

4. REVENUE

An analysis of the Group's revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers		
Sale of goods	2,184,761	2,224,368
Provision of construction and installation services	181,560	208,241
Others	9,784	5,629
	<hr/>	<hr/>
Subtotal	2,376,105	2,438,238
	<hr/>	<hr/>
Revenue from other sources		
Gross rental income from investment property operating leases	362	271
	<hr/>	<hr/>
	2,376,467	2,438,509
Less: Government surcharges	(3,824)	(2,942)
	<hr/>	<hr/>
Total	2,372,643	2,435,567
	<hr/>	<hr/>

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Types of goods or services		
Sale of PNG	2,063,361	2,144,987
Sale of LNG	59,632	25,191
Sale of household gas appliances and relevant equipment	27,144	31,784
Sale of energy	20,995	14,712
Sale of distributed photovoltaic power	13,629	7,694
Provision of construction and installation services	181,560	208,241
Others	9,784	5,629
	<hr/>	<hr/>
Subtotal	2,376,105	2,438,238
Less: Government surcharges	(3,824)	(2,942)
	<hr/>	<hr/>
Total	<u>2,372,281</u>	<u>2,435,296</u>
Geographical market		
Mainland China	<u>2,372,281</u>	<u>2,435,296</u>
Timing of revenue recognition		
Goods or services transferred at a point in time	2,194,545	2,229,997
Services transferred over time	181,560	208,241
	<hr/>	<hr/>
Subtotal	2,376,105	2,438,238
Less: Government surcharges	(3,824)	(2,942)
	<hr/>	<hr/>
Total	<u>2,372,281</u>	<u>2,435,296</u>

The following table shows the amounts of revenue recognised in this reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of natural gas	204,896	158,871
Construction and installation services	99,331	115,712
Sale of household gas appliances and relevant equipment	5,831	4,658
Sale of energy	293	–
	<hr/>	<hr/>
Total	<u>310,351</u>	<u>279,241</u>

There was no revenue recognised from performance obligations satisfied in previous years or not previously recognised due to constraints on variable consideration.

(b) Performance obligations

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

Sale of goods

The performance obligation is satisfied upon delivery of the PNG, LNG, energy, household gas appliances and relevant equipment and distributed photovoltaic power, and payment is generally due within 30 to 90 days from delivery except for customers who purchased prepaid cards.

Construction and installation services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before or during the rendering of the services. The remaining percentage of payment generally should be paid before completion of construction and installation.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	262,964	310,351
After one year	105,537	125,824
	<hr/>	<hr/>
Total	368,501	436,175

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised after one year relate to construction and installation services of gas pipelines, sale of household gas appliances and relevant equipment and sale of natural gas, of which the performance obligations are to be satisfied within two to three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. OTHER INCOME AND GAINS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<u>Other income</u>		
Bank interest income	22,772	32,116
Finance income on the net investment in a lease	739	748
Government grants	5,040	9,252
Others	1,338	423
	<hr/>	<hr/>
Total other income	29,889	42,539
<u>Gains</u>		
Gain on disposal of items of property, plant and equipment	–	3,463
Fair value gains on wealth management products	761	2,950
	<hr/>	<hr/>
Total gains	761	6,413
	<hr/>	<hr/>
Total other income and gains	30,650	48,952

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of inventories sold	2,001,440	2,048,921
Cost of services provided	93,010	119,716
Depreciation of property, plant and equipment	64,037	59,306
Depreciation of investment properties	216	53
Depreciation of right-of-use assets	2,623	2,733
Amortisation of other intangible assets	7,449	7,477
	<hr/>	<hr/>
Total	2,168,775	2,238,206
	<hr/>	<hr/>
Lease payments not included in the measurement of lease liabilities	259	263
Auditor's remuneration	2,340	2,340
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	79,272	68,049
Pension scheme contributions	10,345	7,413
Social security contributions and accommodation benefits	11,972	10,945
	<hr/>	<hr/>
Total	101,589	86,407
	<hr/>	<hr/>
Impairment of financial assets, net:		
Impairment of trade receivables	3,216	1,802
Impairment of financial assets included in prepayments, other receivables and other assets	103	(38)
	<hr/>	<hr/>
Total	3,319	1,764
	<hr/>	<hr/>
Loss on foreign exchange differences	358	61
Bank interest income	(22,772)	(32,116)
Fair value gains on wealth management products	(761)	(2,950)
Government grants	(5,040)	(9,252)
Interest on lease liabilities	1,045	571
Loss/(gain) on disposal of items of property, plant and equipment	1,413	(3,463)
Write-down of inventories to net realisable value	(43)	(414)
	<hr/>	<hr/>

7. FINANCE COSTS

An analysis of finance costs is set out as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank loans, overdrafts and other loans	1,413	2,767
Interest expenses arising from discounted bills receivable	–	228
Interest on lease liabilities	1,045	571
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	2,458	3,566

8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The provision for current income tax in Mainland China is calculated based on the statutory rate of 25% (2023: 25%) of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 (the “**New Corporate Income Tax Law**”), except for five certain subsidiaries of the Group in Mainland China that carried out production and operation of distributed photovoltaic power, which are subject to a preferential rate as below, and a subsidiary of the Group in Mainland China that is a High-Tech Enterprise, which is subject to a preferential rate of 15%.

In accordance with the relevant provisions of the Notice on the Implementation of the Catalogue of Enterprise Income Tax Preferences for Public Infrastructure Projects issued by the Ministry of Finance and the State Taxation Administration, the subsidiaries of the Company, namely Huzhou Huran New Energy Development Co., Ltd. (“**Huran New Energy**”), Deqing Xinrui New Energy Co., Ltd. (“**Deqing Xinrui**”), Nanxun Xinao Gas Development Co., Ltd. (“**Nanxun Xinao Development**”), Huzhou Huxun Fuel New Energy Development Co., Ltd. (“**Huxun Fuel New Energy**”) and Huzhou Huqingran New Energy Development Co., Ltd. (“**Huqingran New Energy**”), enjoy the preferential policy of enterprise income tax. For enterprises engaged in public infrastructure projects that meet the relevant conditions and technical standards and the relevant provisions of the state investment management in the Catalogue of Preferential Enterprise Income Tax for Public Infrastructure Projects approved on 1 January 2008, their income from investment and operation will be exempted from enterprise income tax for three years from the year in which the production and operation income of distributed photovoltaic power is first generated, and the enterprise income tax will be reduced by half for another three years. 2022 was the tax year in which the production and operation income of distributed photovoltaic power was first generated for Huran New Energy, Deqing Xinrui and Nanxun Xinao Development, therefore the income tax of Huran New Energy and Deqing Xinrui and Nanxun Xinao Development was exempted from 2022 to 2024 and the applicable tax rate will be reduced by half from 2025 to 2027. 2023 was the tax year in which the production and operation income of distributed photovoltaic power was first generated for Huxun Fuel New Energy, therefore the income tax of Huxun Fuel New Energy is exempted from 2023 to 2025 and the applicable tax rate will be reduced by half from 2026 to 2028. 2024 was the tax year in which the production and operation income of distributed photovoltaic power was first generated by Huqingran New Energy, therefore the income tax of Huqingran New Energy is exempted from 2024 to 2026 and the applicable tax rate will be reduced by half from 2027 to 2029.

In accordance with the relevant provisions of the Measures for the Administration of the Recognition of High-Tech Enterprises issued by the Ministry of Finance and the State Taxation Administration, Huzhou Xinao Gas Development Co., Ltd. (“**Xinao Development**”), a subsidiary of the Group, was recognised as a High-Tech Enterprise in 2024. As a result, Xinao Development was subject to a preferential corporate income tax rate of 15% in 2024.

The major components of income tax expense are set out as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax – Mainland China		
Charge for the year	61,218	55,101
Deferred tax	<u>(24,347)</u>	<u>(3,088)</u>
Total tax charge for the year	<u>36,871</u>	<u>52,013</u>

A reconciliation of the tax expense/(credit) applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit before tax	<u>206,017</u>	<u>216,311</u>
Tax at the statutory tax rate	51,504	54,078
Lower tax rate for certain subsidiaries	(10,991)	(1,343)
Impact of tax rates changes on the opening balance of deferred tax	(3,388)	–
Expenses not deductible for tax	709	267
Adjustments in respect of current tax of previous periods	–	133
Income tax credit for special equipment	(127)	(44)
Extra tax deduction for research and development expenses	(852)	(1,529)
Profits and losses attributable to joint ventures	16	466
Others	<u>–</u>	<u>(15)</u>
Tax charge at the Group's effective rate	<u>36,871</u>	<u>52,013</u>

9. DIVIDENDS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Proposed final – RMB0.30 (2023: RMB0.30) per ordinary share	<u>60,814</u>	<u>60,814</u>

On 26 March 2025, the board of directors proposed the payment of a final dividend of RMB0.30 per share, amounting to RMB60,814,350 (tax inclusive), for the year ended 31 December 2024. The source of the proposed dividend payment is from the retained profits. The proposed final dividend is subject to the approval by shareholders of the Company at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 202,714,500 (2023: 202,714,500) outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculation of basic earnings per share is based on:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation:	<u>117,792</u>	<u>110,837</u>
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	<u>202,714,500</u>	<u>202,714,500</u>

11. TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	43,833	44,268
Impairment	<u>(6,188)</u>	<u>(2,972)</u>
	37,645	41,296
Bills receivable	<u>16,821</u>	<u>36,562</u>
Net carrying amount	<u>54,466</u>	<u>77,858</u>

The Group's trading terms with its industrial and commercial customers are mainly on credit except for certain new customers, where payment in advance is required. The average credit period range for trade receivables is within 30 to 90 days. The average maturity period of bills receivable is 3 to 6 months, and bills receivable were neither past due nor impaired. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly and actively monitored by senior management to minimise credit risk. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	35,669	37,948
3 months to 6 months	1,634	90
6 months to 1 year	342	3,158
More than 1 year	<u>–</u>	<u>100</u>
Total	<u>37,645</u>	<u>41,296</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At beginning of year	2,972	1,170
Impairment losses, net	3,216	1,802
At end of year	6,188	2,972

An impairment analysis is performed at each reporting date using a provision matrix to measure the expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on trade receivables using a provision matrix:

As at 31 December 2024

	Current	Past due			Total
		Less than 6 months	6 to 12 months	Over 1 year	
Expected credit loss rate	0.81%	2.29%	37.13%	100.00%	14.12%
Gross carrying amount (<i>RMB'000</i>)	35,372	2,270	544	5,647	43,833
Expected credit losses (<i>RMB'000</i>)	287	52	202	5,647	6,188

As at 31 December 2023

	Current	Past due			Total
		Less than 6 months	6 to 12 months	Over 1 year	
Expected credit loss rate	1.16%	3.58%	28.28%	100.00%	6.71%
Gross carrying amount (<i>RMB'000</i>)	35,887	2,768	4,403	1,210	44,268
Expected credit losses (<i>RMB'000</i>)	418	99	1,245	1,210	2,972

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	101,996	97,551
3 to 6 months	10,511	13,381
6 to 12 months	11,059	7,763
Over 1 year	4,177	3,184
Total	<u>127,743</u>	<u>121,879</u>

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate	Maturity	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current				
Bank loans – secured	Loan Prime Rate-40bps	2025	<u>300</u>	–
Non-current				
Bank loans – secured	Loan Prime Rate-40bps	2026-2036	<u>14,550</u>	–
Total			<u>14,850</u>	–

Analysed into:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within one year or on demand	300	–
In the second year	500	–
In the third to fifth years, inclusive	2,700	–
Beyond five years	11,350	–
Total	<u>14,850</u>	–

The Group's bank loans are secured by the pledge of future photovoltaic income of two photovoltaic projects of a subsidiary of the Company.

14. SHARE CAPITAL

Shares

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Issued and fully paid: 202,714,500 (2023: 202,714,500) ordinary shares	202,715	202,715

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital <i>RMB'000</i>
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	202,714,500	202,715

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The global energy system is undergoing a structural reshaping, and actively addressing climate change has become a universal international consensus and an irresistible trend. As an important energy source for safeguarding the new energy system, natural gas firmly holds its position as a “bridge energy” for the low-carbon transition.

In 2024, a series of regulations and policies, such as the Energy Law of the People’s Republic of China and the Work Plan for Accelerating the Construction of a Dual Control System for Carbon Emissions, were intensively introduced. These measures aim to accelerate the establishment of a clean, low-carbon, safe, and efficient new energy system, promote the multi-energy complementarity of “natural gas + renewable energy”, and drive the digital and intelligent development of energy production and supply.

Against the backdrop of the national “double carbon” strategy, Zhejiang province has seized the opportunity to establish itself as a National Clean Energy Demonstration Province in recent years, continuously optimizing its energy structure. The 2024 Plan for the National Economic and Social Development of Zhejiang Province clearly states that it is necessary to coordinate and promote the construction of modern energy infrastructure such as natural gas pipeline network, strengthen the operation and scheduling of energy supply and demand, and deepen the reform of the natural gas system.

In the government work report of Huzhou, where the Company is located, it is highlighted that the construction of the “Zero Waste City” continues to deepen. Efforts are being solidly advanced to build Huzhou into a national carbon peak pilot city and a national pilot city for the coordinated innovation of pollution and carbon reduction. The city is balancing the development of renewable energy with dual control over energy consumption, freeing up 450,000 tons of standard coal equivalent in energy usage. The implementation of green industrial technological transformations has led to a proportion of demonstration enterprises, such as national-level green factories, ranking among the top in the province. The Huzhou experience in green development has been showcased at international events, including the United Nations Environment Assembly.

DEVELOPMENT STRATEGY AND OUTLOOK

The Company has always adhered to the value concept of “centering on customer needs and rooting in sustainable development”. It is committed to assisting customers in achieving green and low-carbon development through stable and efficient clean energy supply and services. With precise strategic guidance, the Company continuously improves the quality and efficiency of its operations to create sustainable long-term value for its shareholders (the “Shareholders”).

Under the guidance of the “double carbon” strategic goals, the Company adheres to the dual missions of coordinating energy security and development quality, continuously deepens the “1+3+N” industrial strategy, empowers the entire industrial chain with intelligent and digital technologies, and constantly cultivates emerging growth drivers. The Company has achieved a diversified energy supply model covering “steam, gas, heat, cold, and electricity” and a variety of value-added service models. The Company continues to build and improve an intelligent energy comprehensive service system, accelerates the integrated layout of supply, storage, and sales, accurately responds to the incremental demand for clean energy in the economy and society, and promotes the evolution of the energy system towards a safer, lower-carbon, and more efficient direction.

BUSINESS REVIEW

Since 2004 and 2009, as a concession grantee, the Group has been the exclusive distributor of piped natural gas (“PNG”) in its operating areas in Wuxing district and Nanxun district of Huzhou, respectively. The main businesses include the sale of PNG (under the concessions) and liquefied natural gas (“LNG”) in Huzhou, the provision of services to construct and install end-user pipeline network and gas facilities, and the sale of household gas appliances and relevant equipment, energy, distributed photovoltaic power and the leasing of properties within the People’s Republic of China (the “PRC”). As at the end of the Reporting Period, the Group provided gas supply service to 314,635 residential users and 3,897 industrial and commercial users, with a gas sales volume of approximately 602.71 million m³, representing an increase of approximately 4.65% as compared with the previous year.

As at the end of the Reporting Period, the Group was the largest PNG distributor in Huzhou city, Zhejiang province, the PRC, and the length of the natural gas pipeline network operated within the Group’s operating areas in Huzhou was approximately 1,714.4 kilometers.

FINANCIAL OVERVIEW

Revenue

The Group’s revenue for the Year was RMB2,372.64 million, representing a decrease of 2.58% as compared with RMB2,435.57 million in the previous year. The decrease in revenue was mainly arising from the reduction in natural gas sales prices for non-residential households starting from 2024.

Gross Profit

The Group’s gross profit for the Year was RMB278.19 million, representing an increase of 4.22% as compared with RMB266.93 million in the previous year. During the Reporting Period, natural gas purchase price fell, leading to the decrease in the Group’s natural gas procurement cost. The increase in gross profit was mainly due to the increase in the gas sales volume in 2024.

Other Income and Gains

The Group’s other income and gains for the Year were RMB30.65 million, representing a decrease of 37.39% as compared with RMB48.95 million in the previous year. It was mainly due to the decrease in the interest income during this Reporting Period.

Finance Costs

The Group’s finance costs for the Year were RMB2.46 million, representing a decrease of 31.09% as compared with RMB3.57 million in the previous year. It was mainly due to the decrease in interest expenses resulting from the decrease in bank borrowings in the Year compared with the previous year.

Income Tax Expense

The Group's income tax expense for the Year decreased by 29.11% to RMB36.87 million from RMB52.01 million in the previous year. The effective tax rate for the Year was 17.90% (2023: 24.05%). The decrease in income tax expense and the decrease in effective tax rate were due to the preferential tax rates enjoyed by certain companies within the Group and the tax policy on an increase in the proportion of the additional deduction for research and development expenses. In addition, Huzhou Xinao Gas Development Company Limited (“**Xinao Development**”), a subsidiary of the Group, was recognized as a High-Tech Enterprise in 2024. As a result, Xinao Development was subject to a preferential corporate income tax rate of 15% in 2024.

Profit attributable to Owners of the Parent

Profit attributable to owners of the parent for the Year was RMB117.79 million, representing an increase of 6.27% as compared with RMB110.84 million in the previous year. It was mainly due to the combined effect of the following factors: the increase in the gross profit from the sale of PNG as a result of the decrease in the procurement price of PNG for the Year, and Xinao Development was recognized as a High-Tech Enterprise and was subject to the tax rate applicable to High-Tech Enterprises, which was levied at a reduced rate of 15%, resulting in the decrease in income tax expenses. These factors collectively contributed to the increase in the profit attributable to the owners of the parent company compared with the previous year.

Liquidity and Financial Position

As at 31 December 2024, the current assets of the Group amounted to RMB967.99 million (31 December 2023: RMB1,004.72 million), of which Cash and cash equivalents amounted to RMB828.52 million and mainly denominated in Renminbi.

As at 31 December 2024, the current ratio (current assets/current liabilities) of the Group was 1.59 (31 December 2023: 1.54) and the asset-liability ratio (total liabilities/total assets) was 39.58% (31 December 2023: 41.96%). As at 31 December 2024, the unutilised bank credit balance was RMB274.5 million. The Group issued a letter of guarantee of RMB30.0 million by using the banking facilities for the performance bond required to be paid to China Oil & Gas Pipeline Network Corporation (國家石油天然氣管網集團有限公司) under the Agreement on the Access of New Download Point Off-load Facilities of Natural Gas Infrastructure (《天然氣基礎設施新增下載點分輸設施接入協議》) entered into by Huzhou Nanxun Xinao Gas Company Limited* (湖州南潯新奧燃氣有限公司), a non-wholly owned subsidiary of the Group, and National Pipeline Network Group Sichuan to East Natural Gas Pipeline Co., Ltd.* (國家管網集團川氣東送天然氣管道有限公司), and the term of the letter of guarantee was from 1 September 2022 to 30 June 2027. The Group obtained a bank loan of RMB15.0 million by using the banking facilities, all denominated in RMB and bearing interest at Loan Prime Rate (LPR) -40bps, and the loan term was from 28 February 2024 to 27 February 2036. The loan was used for the expansion of the photovoltaic business of Huzhou Huran New Energy Development Co., Ltd.* (湖州湖燃新能源開發有限公司), a non-wholly owned subsidiary of the Company.

As at 31 December 2024, the gearing ratio of the Group was approximately 2.97% (31 December 2023: 1.52%). The ratio was calculated by dividing total interest-bearing liabilities by the total equity of the Group. As at 31 December 2024, the Group maintained a net cash position.

Exchange Rate Fluctuation Risk

As the Group operates all its businesses in the PRC, substantially all of its revenue and expenses are denominated in RMB. The foreign exchange risks the Group faces are mainly related to cash and cash equivalents (mainly denominated in Hong Kong dollars), mainly consisting of negligible expenses such as dividend payments and reimbursement of service fees for future professional organizations, and there is no significant exchange rate risk. The Group will closely monitor the interest rate and exchange rate in the market and take appropriate countermeasures when necessary.

Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

Financial Guarantee Obligations

As at 31 December 2024, the Group had no material financial guarantee obligations.

Pledge of Assets

As at 31 December 2024, the Group had no pledge of assets.

Significant Investments Held, Material Acquisitions or Disposals, and Future Plans for Material Investments or Capital Assets

There were no significant investments held, or material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the Reporting Period, and the Company does not have any future plan for material investments or capital assets as at the date of this announcement.

Human Resources and Employee Compensation

As at 31 December 2024, the Group employed a total of 441 employees in China (31 December 2023: 440). During the Reporting Period, the total employee costs of the Group were approximately RMB111.20 million. The Group further strengthened the training of employees to enhance their professional level and overall quality, by providing targeted training courses to the management, management personnel at various positions, professional technical personnel and service personnel, and by distributing relevant policies and regulations, industry information and knowledge documents to employees. The Group also provided employees with competitive remuneration packages, which is generally structured with reference to market terms and individual merits and reviewed by the management on a regular basis, so as to encourage them to work hard and show their talents when serving customers.

EVENTS AFTER THE REPORTING PERIOD

In the meeting of the Board held on 26 March 2025, the Board proposed the payment of a final dividend of RMB0.30 per share, amounting RMB60,814,350 (tax inclusive), for the year ended 31 December 2024. The source of the proposed dividend payment is from the retained profits. The proposed final dividend is subject to the approval by Shareholders at the forthcoming annual general meeting.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors were also not aware of any material litigation or claims that were pending or threatened against the Group during the Reporting Period and up to the date of this announcement.

USE OF NET PROCEEDS FROM LISTING

The H shares of the Company (the “**H Share(s)**”) were officially listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 July 2022. The net proceeds from the global offering of the H Shares (the “**Global Offering**”) (including proceeds from the additional H Shares issued and allotted pursuant to the exercise of the over-allotment option, and deducting the underwriting commissions and other estimated expenses in connection with the Global Offering and exercise of the over-allotment option) were approximately HK\$276.3 million (equivalent to RMB236.9 million) (the “**Net Proceeds**”). The Company has utilised and will utilise the Net Proceeds in accordance with the proportion of use allocation as stated under the section headed “Future Plans and Use of Proceeds” in the prospectus. As at 31 December 2024, the details of the use of the above Net Proceeds were as follows:

Designated use of Net Proceeds	% of Net Proceeds from the Global Offering	Net Proceeds from the Global Offering and use of proceeds			Expected to be utilised prior to the following date
		Amount allocated (RMB'000)	Utilised (RMB'000)	Unutilised (RMB'000)	
Enhance the sales volume of PNG by upgrading the Company's pipeline network and operational facilities	20%	47,400	47,400	0	
Expand the Company's business to other geographical areas through strategic acquisition	30%	71,000	0	71,000	By the end of 2025
Expand into distributed photovoltaic power generation business	30%	71,000	71,000	0	
Promote the use of heat energy from vapour generated by the Company's natural gas through natural gas boilers	10%	23,800	3,564	20,236	By the end of 2025
Working capital and general corporate purposes	10%	23,700	23,700	0	
Total	100%	236,900	145,664	91,236	

As at the date of this announcement, the unutilised Net Proceeds were deposited in an interest-bearing account opened with a licensed bank.

ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) of the Company will be held on Friday, 6 June 2025. A notice convening the AGM will be published in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) in due course.

FINAL DIVIDEND

The Board resolved to propose the payment of a final dividend of RMB0.30 (tax inclusive) per share for the Year (the “2024 Final Dividend”) with an aggregate amount of RMB60,814,350 (tax inclusive) to Shareholders (whether holders of H Shareholders or Shareholders of domestic shares) with their names appearing on the Company’s register of members on Friday, 13 June 2025, subject to the approval by the Shareholders at the AGM. Subject to the passing of the relevant resolution at the AGM, the 2024 Final Dividend is expected to be paid around Thursday, 3 July 2025.

Dividends will be paid in Renminbi for Shareholders of domestic shares, and dividends will be paid in Hong Kong dollars for H Shareholders. The relevant exchange rate will be the average of the mid-point rates of Renminbi to Hong Kong dollars as announced by the People’s Bank of China for the week prior to the date of approval of declaration of dividends at the AGM.

TAX

Under the requirements of the Law of the People’s Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》) and the Regulations for the Implementation of the Law of the People’s Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) implemented in 2008, the Company has the obligation to withhold enterprise income tax at a rate of 10% on dividends when it pays the 2024 Final Dividend to H Shareholders who are overseas non-resident enterprises (including HKSCC Nominees Limited, other enterprise nominees or trustees, or other organizations and groups) with their names appearing on the H Share register of members on Friday, 13 June 2025.

According to the requirement under Guo Shui Han [2011] No. 348 from the State Taxation Administration (國家稅務總局國稅函[2011]348號) and the relevant laws and regulations, for individual H Shareholders who are residents in Hong Kong or Macau, and residents in other countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold the individual income tax at the rate of 10%. For individual H Shareholders who are residents in the countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate lower than 10%, the Company will withhold the individual income tax on the dividends at the rate of 10%. For individual H Shareholders who are residents in the countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate higher than 10% but lower than 20%, the Company will withhold the individual income tax at the effective tax rate under the relevant tax treaty. For individual H Shareholders who are residents in the countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate higher than 20%, or residents in the countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold the individual income tax at the rate of 20%.

The Company will determine the residential status of the individual H Shareholders based on the registered address as recorded in the H Share register of members of the Company on Friday, 13 June 2025. If the residential status of individual H Shareholders is not the same as their registered address or if the individual H Shareholders would like to apply for a refund of the additional amount of tax that has been withheld, the individual H Shareholders shall notify and provide relevant supporting documents to the Company on or before Wednesday, 11 June 2025. Upon the supporting documents being reviewed by the relevant tax authorities, the Company will follow the guidance from the tax authorities to implement relevant withholding provisions and arrangements. Individual H Shareholders may either personally or appoint an agent to handle the relevant procedures in accordance with the relevant requirements under the tax treaties notice if they fail to provide the relevant supporting documents to the Company before the time limit stated above.

The Company assumes no responsibility and disclaims any liabilities whatsoever in relation to the tax status or tax treatment of the H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the H Shareholders or any disputes relating to the withholding mechanism or arrangements.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the rights of H Shareholders to attend and vote at the AGM and their entitlements to the 2024 Final Dividend, the H Share register of members of the Company will be closed in the following periods, the details of which are set out as below:

(1) For determining the rights of H Shareholders to attend and vote at the AGM

Latest time to lodge transfer documents of shares for registration	4:30 p.m. on Monday, 2 June 2025
Closure of register of members (both days inclusive)	Tuesday, 3 June 2025 to Friday, 6 June 2025
Record date	Friday, 6 June 2025

(2) For determining the entitlements of H Shareholders to the 2024 Final Dividend

Latest time to lodge transfer documents of shares for registration	4:30 p.m. on Wednesday, 11 June 2025
Closure of register of members (both days inclusive)	Thursday, 12 June 2025 to Friday, 13 June 2025
Record date	Friday, 13 June 2025

During the above relevant periods, the H Share register of members of the Company will be closed. In order to ascertain the right to be eligible to attend and vote at the AGM, and to qualify for the 2024 Final Dividend, all transfer documents of shares, accompanied by the relevant share certificates, must be lodged with the Company's H Share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration, by no later than the aforementioned latest times.

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 Reporting Period (including sales of treasury shares). As of the end of the Reporting Period, there were no treasury shares held by the Company or its subsidiaries.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices. The Company has complied with all the code provisions set out in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding dealings in the Company's securities by the Directors and supervisors of the Company (the "**Supervisors**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Code of Conduct**").

Having made specific enquiries to all Directors and Supervisors, they have confirmed that all of them have complied with the Code of Conduct during the Reporting Period.

The Code of Conduct also applies to employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Code of Conduct by the employees was noted by the Company during the Reporting Period.

AUDIT COMMITTEE AND REVIEW OF ANNUAL FINANCIAL STATEMENTS

The audit committee of the Board (the "**Audit Committee**") comprising three independent non-executive Directors was established by the Company with its terms of reference in compliance with the requirements under the CG Code.

The Audit Committee has reviewed together with the management and external auditor of the Group, Ernst & Young, the accounting principles and policies adopted by the Group and the audited consolidated annual results of the Group for the Year.

PUBLICATION OF ANNUAL RESULTS AND 2024 ANNUAL REPORT

This announcement will be made available at the websites of the Company (<http://www.hzrqgf.com>) and the Stock Exchange (<https://www.hkexnews.hk>). The 2024 annual report of the Company will be published on the websites of the Company and the Stock Exchange in accordance with the requirements of the Listing Rules in due course, and will be despatched to Shareholders in hard copy upon request.

As at the date of this announcement, to the best knowledge of the Directors, the information contained in this announcement will be consistent with the information contained in the 2024 annual report of the Company.

By Order of the Board
Huzhou Gas Co., Ltd.*
Wang Hua
Chairman

Huzhou, Zhejiang Province, the PRC
26 March 2025

As at the date of this announcement, the Board comprises Mr. Wang Hua, Mr. Yang Fan and Ms. Sun Xiaohui as executive Directors; Mr. Liu Jianfeng and Mr. Wang Peng as non-executive Directors; and Mr. Chang Li Hsien Leslie, Dr. Lau Suet Chiu Frederic and Mr. Zhou Xinfu as independent non-executive Directors.

* *For identification purposes only*